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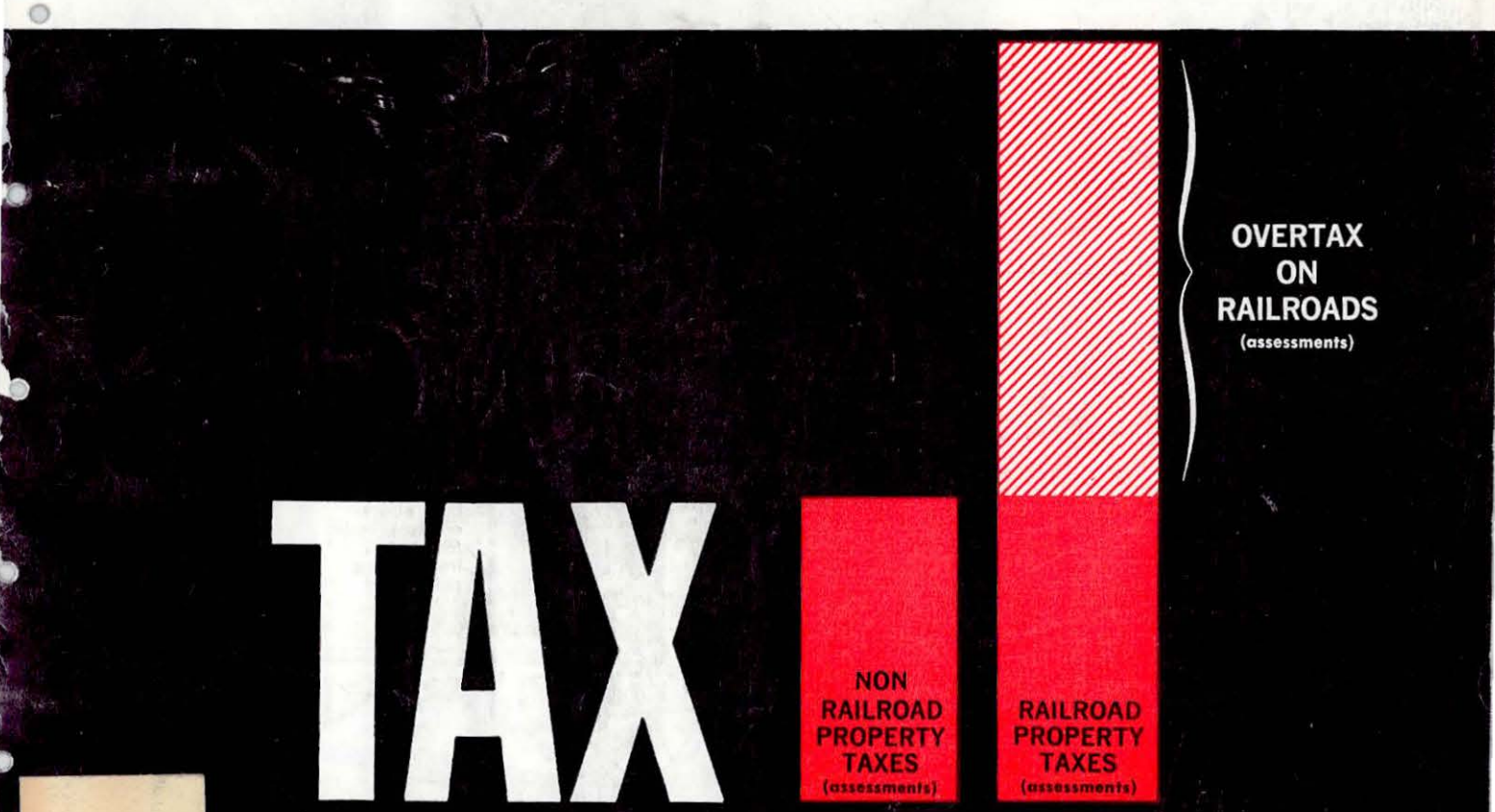
SPECIAL REPORT

December 9, 1963

RAILWAY AGE WEEKLY



TAX OUTRAGE

In 24 problem states, assessments on railroad property average 58.4%; on other property the average is 23.2%. Overassessments cost railroads $113 million in those 24 states alone in one recent year.

p. 21

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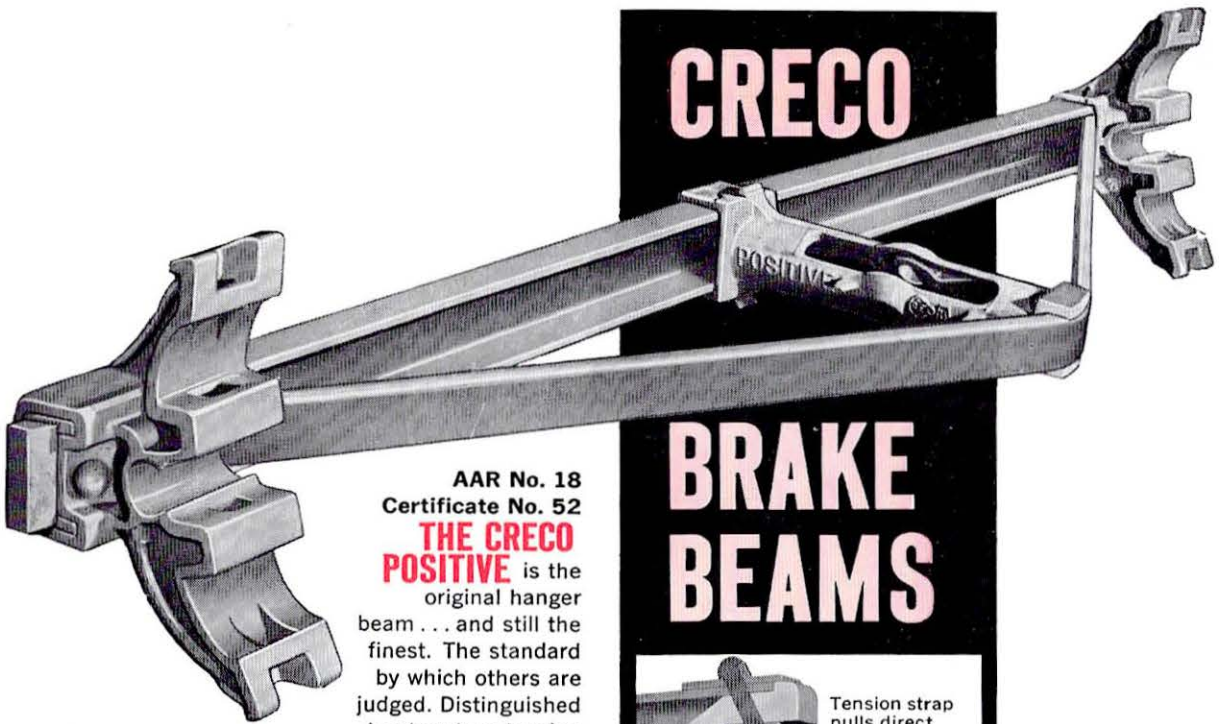

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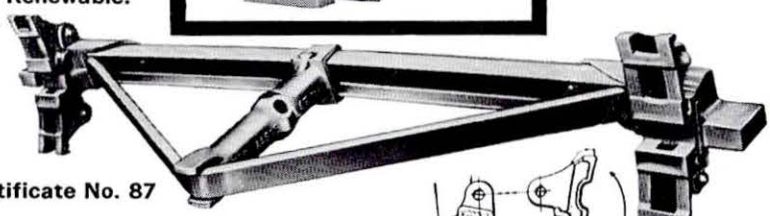
THE CRECO POSITIVE is the original hanger beam . . . and still the finest. The standard by which others are judged. Distinguished by strap type tension member and absence of threaded rod and nuts. **All Parts Renewable.**

Tension strap pulls direct on compression member at inter-locking point.



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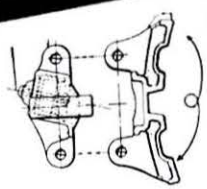

THE CRECO UNIT **Hangerless Type Brake Beam**—This is the same fundamental design as the CRECO POSITIVE. Duplex Head permits maintenance without interfering with compression on tension members. Brake Head is reversible giving double life of the ordinary brake head. The same head is either right or left, allowing one-half the required brake head inventory! **All Parts Renewable.**

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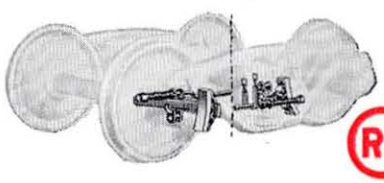

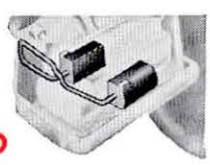

BIG FACTOR Journal Stop—The ounce of hot box prevention, worth a pound of cure! Big Factor costs much less to install (1 hour per car-set of 8). No welding, no rivets, no special tools, cannot be installed upside down or backwards. Big Factor, conditionally AAR approved, **Keeps Axle and Box Always in Relation Laterally and Vertically.**

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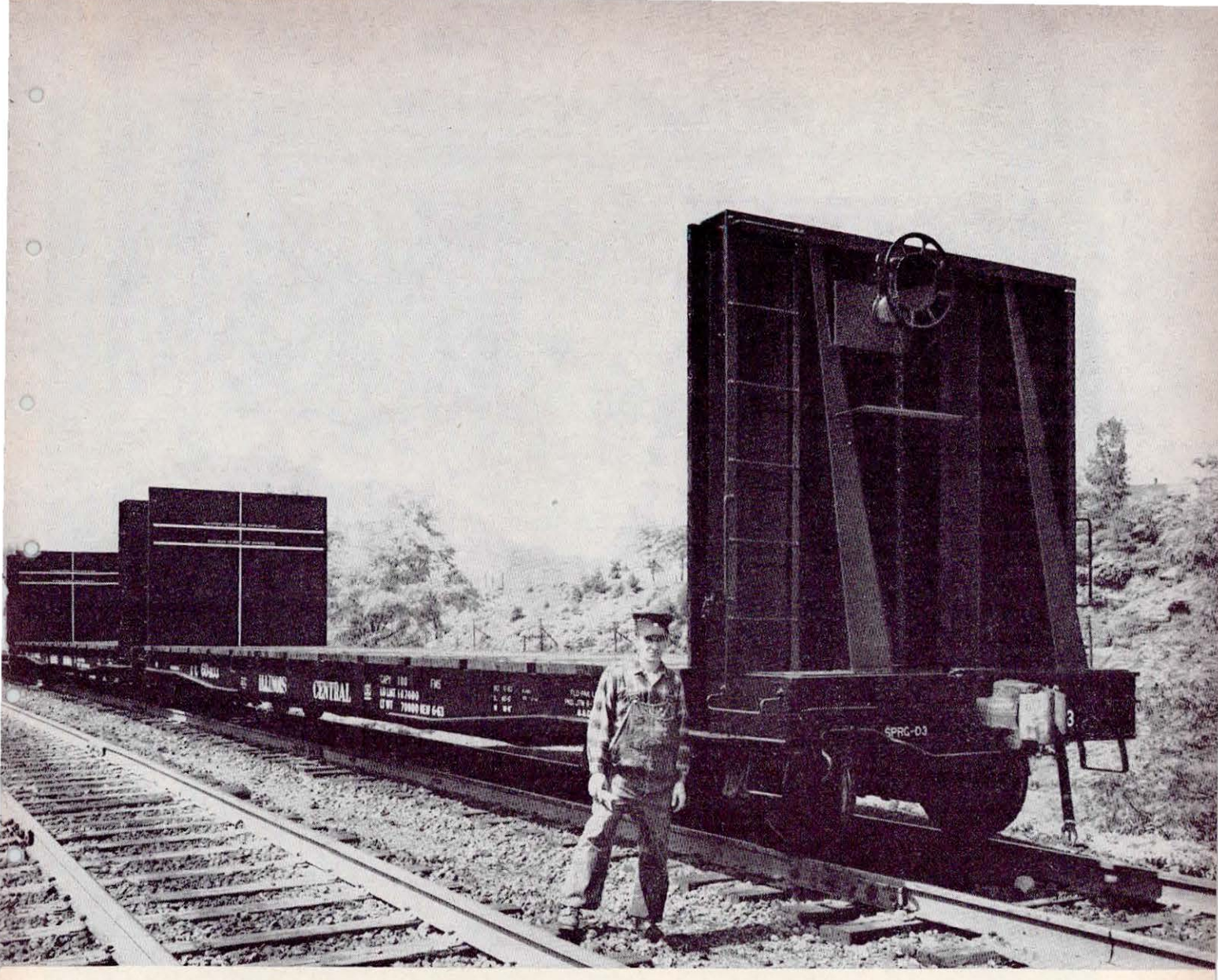

Another Success Story for Bulkhead Flat Cars

200 for the ILLINOIS CENTRAL

Here is a special-purpose car that is really catching on. It's Bethlehem's bulkhead flat, shown here ready to leave our Johnstown Car Shops and go to work for the Illinois Central. The full order of 200 cars was completed and delivered to the IC during August, for carrying lumber, bricks, and other building materials.

These cars are similar to the 177 bulkhead flats built by Bethlehem for the D&RGW over the past two years. They are 53½ ft long, and of 50-ton capacity. The special design of these cars takes full advantage of the best features of heavy castings and rolled-steel sections, using each where its particular properties are most efficient and economical.

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Steel for Strength

ONE BROKEN PIN

And 78 Disgruntled Commuters 2-Hours Late For Dinner!

Nothing can be done to appease those 78 commuters who were late for dinner, but steps can be initiated to reduce the frequency of similar occurrences. Proper quality controls in the forging of brake rigging parts and other railroad car components would eliminate many mechanical failures. Berwick has the equipment, know-how and integrity to assure you a uniformity of quality, second to none. Berwick Forge and Fabricating is capable of handling the most intricate of forgings from 6 oz. to 500 lbs. in all quantities . . . and in most instances, at a cost competitive, or below that which would be accrued in your own shop. Send us your blueprints and we will be pleased to quote on your requirements.

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RAILWAY AGE WEEK AT A GLANCE

December 9, 1963 • Vol. 155, No. 23

SPECIAL REPORT

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What are the basic problems? p.23

What can be done about it? p.26

Profits picture brightens

Railroad earnings for calendar 1963 appear headed for the $650-million mark. That would be the best in six years, but would still represent only a 3% rate of return p.9

ATSF 'glues' welded-track joints

The Santa Fe joins the long strips of its butt-welded rails with conventional bolted joints, then applies an epoxy 'glue' to contact surfaces of joint bars and rails p.19

Ops plan new test of rules decision

The operating brotherhoods are planning to go back to court to challenge the arbitration board decision in the work-rules case. Meanwhile, the Firemen have asked for a pay hike....p.42

'Ideal' gypsum cars described

An industry-wide survey by the Gypsum Association shows integral bulkhead flat cars and sturdier box cars are favored for economical rail movements p.54

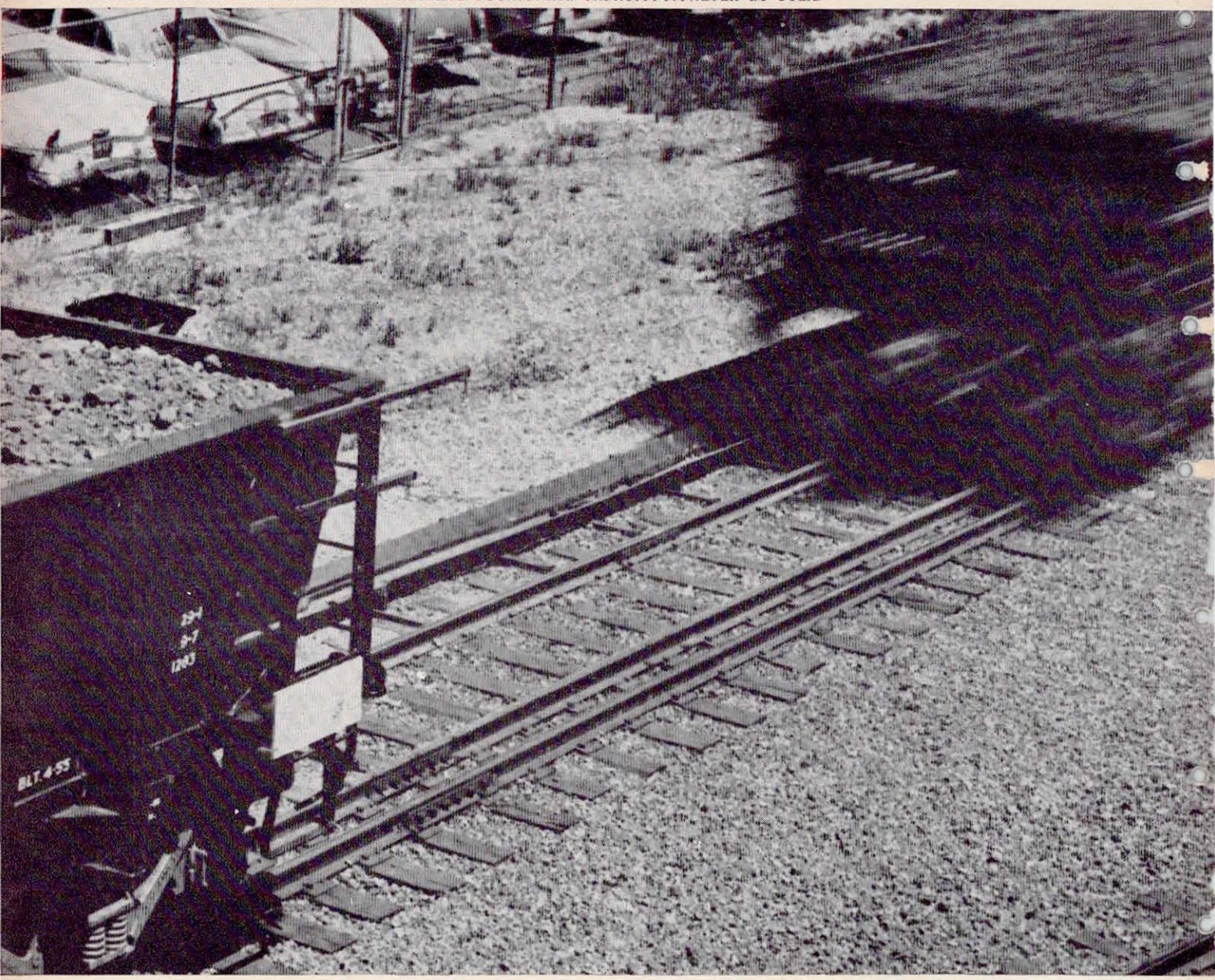
Electronic eye on the throttle

The Illinois Central has installed its first electronic alertness control on a locomotive. The safety device has turned in a favorable performance p.39

The Action Page—Will the ICC update itself?

Evidence exists to prove that the changes in rate regulation required by today's transport situation can be made without amending the Interstate Commerce Act p.58

IMPORTANT: EVEN AT TODAY'S 8-12 MPH COUPLING SPEEDS
NATIONAL RUBBER DRAFT GEARS HAVE RESERVE CUSHIONING CAPACITY...NEVER GO SOLID



RESERVE CUSHIONING CAPACITY—the *Extra Value* in NATIONAL RUBBER DRAFT GEARS

National Rubber Draft Gears cushion all the way . . . all the time . . . never go "solid". Center sill stresses are reduced up to 59 percent . . . coupler forces to 33 percent (compared to a conventional AAR approved friction gear) . . . brings the stresses down into the safe capacity for which the car structure was designed.

The National MF-400A, unconditionally certified for interchange service, has an official* rated capacity of 30,640 foot-pounds at 504,400 pounds force and 2.54 inches travel . . . however . . . the MF-400A with its reserve cushioning capacity boasts a maximum capacity of 72,500 foot-pounds at 1,237,000 pounds force and 3⅜ inch travel.

Get Extra Value in Extra Car Protection with Reserve Cushioning Capacity! Specify National MF-400A Rubber Draft Gears, particularly for bulk loading cars.

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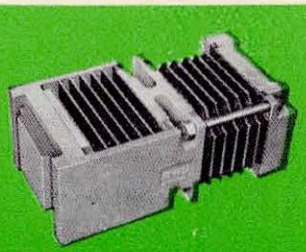

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RAILWAY AGE WEEK AT A GLANCE

Short and Significant

50 5,100-cu-ft-capacity covered hoppers . . .

will be acquired by Norfolk & Western. Builder of the 100-ton cars—which N&W believes will carry a bigger payload than any covered hopper now in service—has not been specified.

Class I railroad employment . . .

dropped to 681,442 in mid-October— 0.65% below the September figure and 1.63% below the year-ago average, reports the ICC's Bureau of Transport Economics and Statistics.

Foam insulation . . .

coated on car exteriors is being tested as a solution for the freezing of bulk materials such as coal and ore during movement in hoppers and gondolas.

Seaboard Air Line will spend . . .

about $8.1 million from a $22 million ICC-approved bond issue to improve its yard and shop at Hialeah, Fla., and certain of its Florida lines.

Texas & Missouri Pacific . . .

will be formed through merger of MoPac and T&P (now 82.6% owned by MoPac) if stockholders and the ICC approve. Directors of both roads approved the merger plan Dec. 4.

MoPac President Downing B. Jenks . . .

has been named president of T&P, and MoPac Chairman J. T. Suggs has also been named chairman of T&P. President of the new T&MP (a Delaware Corporation) is Mr. Suggs.

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Current Statistics

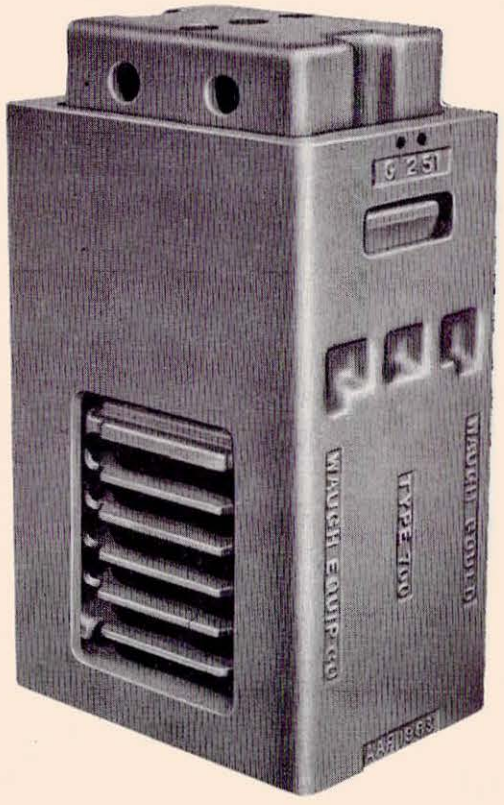
Operating revenue	
9 mos., 1963	7,112,903,900
9 mos., 1962	7,035,741,972
Operating expenses	
9 mos., 1963	5,558,102,325
9 mos., 1962	5,544,684,269
Taxes	
9 mos., 1963	686,423,906
9 mos., 1962	754,915,131
Net railway operating income	
9 mos., 1963	556,898,952
9 mos., 1962	446,413,493
Net income, estimated	
9 mos., 1963	426,000,000
9 mos., 1962	313,000,000

Carloadings revenue freight	
48 wks., 1963	26,895,000
48 wks., 1962	26,814,836
Freight cars on order	
Nov. 1, 1963	22,196
Nov. 1, 1962	12,159
Freight cars delivered	
10 mos., 1963	36,616
10 mos., 1962	32,451
Serviceable cars	
Nov. 1, 1963	1,412,778
Nov. 1, 1962	1,432,235
Cars awaiting repairs	
Nov. 1, 1963	108,055
Nov. 1, 1962	131,055

50% EXTRA PROTECTION

...you can put in your pockets

THE WAUGH HIGH CAPACITY FRICTION-RUBBER DRAFT GEAR FITS IN ANY STANDARD POCKET. FOR NEW EQUIPMENT OR FOR REPLACEMENT ORDER →



THE WAUGH

TYPE 700

FRICTION-RUBBER DRAFT GEAR

WAUGH EQUIPMENT COMPANY

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Profit picture brightens

Present indications are that railroad net income this year will be the highest since 1957. But the rate of return will remain far below what is considered to be fair for business as a whole.

Railroad men will have something to cheer about—though not very loudly—when earnings statements for the full year 1963 are posted.

Industry economists are now predicting privately that net income of Class I roads for the calendar year will be close to $650 million. That estimate, which may be considered authoritative, is based on a recent AAR statement which put earnings for the first nine months at $426 million—plus a projection of revenues and expenses for the last quarter.

On the surface, the picture is bright. Earnings of $650 million would represent the best showing in the net-income column since 1957's $737 million—and a 15% improvement over last year's $571 million, which halted a downtrend that started in 1956 (see table).

TEN-YEAR TREND
Net Income, Class I Railroads

1954	$682 MILLION
1955	927 MILLION
1956	876 MILLION
1957	737 MILLION
1958	602 MILLION
1959	578 MILLION
1960	445 MILLION
1961	382 MILLION
1962	571 MILLION
1963 (est)	650 MILLION

● **Rate of return still low.** Actually, however, the industry remains a long way from the robust financial condition that brightens the daydreams in which railroad union leaders occasionally indulge.

The economists who have come up with the $650-million earnings projection add this sobering footnote:

The net railway operating income ($800 million) needed to produce a net income of $650 million would represent a rate of return of only about 3%. A return of 6%, usually considered a fair basis, would require a net railway operating income of about $1.5 billion, which might be expected to produce a net income of more than $1.250 billion—about twice the $650 million estimated for this year.

These economists also point out that the net incomes of recent years are subject to adjustments when being compared with those of the 1920's. They note, for example, that 1955's $927 million was an all-time high—in dollar terms—supplanting the previous high of $897 million set in 1929. In terms of 1929 dollars, however, the $927 million amounted to the equivalent of only about $523 million. This conversion is based on two factors: that part of the net paid out in dividends is converted on the basis of the Bureau of Labor Statistics' consumer price index; while that part retained is converted on the basis of the ICC's index of railroad construction costs.

It should also be pointed out that industry-wide totals can be misleading. For example, while the 102 Class I roads as a whole showed a profit of $426 million for the first three quarters, 26 carriers actually failed to earn enough to cover their fixed charges. Of these, 16 were in the Eastern District; eight in the Southern Region; two in the Western District.

● **Road-by-road picture.** An examination of carrier financial statements shows most of the traditionally big money-makers in an improved position. Some of the financially-troubled roads have managed to turn a deficit into a profit. For others, this year's improvement merely represents a shrinking of a deficit.

So far only the Chesapeake & Ohio has come up with an 11-months figure—and it's impressive: net income of $39.2 million through November of this year, compared with $32 million that was recorded during the corresponding period of 1962.

A 10-months statement from Union Pacific puts net income from all sources at $56.8 million for 1963, compared with last year's comparable figure of $55.8 million. Illinois Central's 10-months net is up from 1962's $9.4 million to $10.2 million.

● **Coal boom helps N&W.** Many railroads issue earnings statements only on a quarterly basis, in compliance with ICC requirements. Among roads reporting increases for the nine-months period is Norfolk & Western, where sustained high coal traffic helped push net up to $48.9 million, compared

WATCHING WASHINGTON WITH WALTER TAFT

TAFT

● **THE ICC'S CHAIRMAN** for 1964 will be Commissioner Abe McGregor Goff. He will move up from the vice-chairmanship which he has held this year under Chairman Laurence K. Walrath. The new vice-chairman will be Commissioner Charles A. Webb. Under the Commission's rotation plan, this understudy role will be due Mr. Webb as the commissioner with greatest seniority among those who have never held the chairmanship. Messrs. Goff and Webb are both Republicans, who were appointed to the Commission by former President Eisenhower. Commissioner Goff, who will be 64 years old on the 21st of this month, is from Idaho—a former Congressman from that state and former solicitor and general counsel of the Post Office Department. He has been on the Commission since 1958, and his present term has three more years to run.

COMMISSIONER WEBB has also been a member of the Commission since 1958, but his present term has only two more years to run—until Dec. 31, 1965. That will just take him through the chairmanship which he is scheduled to assume for the 1965 calendar year. Mr. Webb is a 46-year-old Virginian. At the time of his appointment, he was on the staff of former Senator Bricker of Ohio, who was a member of the Senate's Commerce Committee and its chairman in 1954, when Republicans controlled the Senate.

GREAT RESPECT for the vice-chairmanship was expressed recently by Mr. Webb. In an address to the Metropolitan New York Chapter of the Association of ICC Practitioners, he called the creation of that office "one of the most interesting features" of the Commission's 1961 reorganization. He went on to predict that the office, "through a process of evolution," will become "almost as important as the office of the chairman."

MORE SPECIFICALLY, Mr. Webb anticipated that the vice-chairman "ultimately will become either the chief administrative officer of the Commission or the commissioner primarily responsible for improving and expediting the Commission's adjudicatory processes." This expectation is based on the commissioner's observation of the constant increases in the chairman's other responsibilities which cannot be delegated.

CHAIRMAN WALRATH'S TERM as a commissioner also expires at the end of this month. The consensus of Washington representatives of the transportation industry is that he will be reappointed. A Florida Democrat, he is expected to have the endorsement of that state's predominantly-Democratic Congressional delegation. That includes Senator Smathers, who has remained close to President Johnson ever since he was a member of the inner circle of Johnson associates when the President was Democratic leader of the Senate.

COMMISSIONER CLYDE B. HERRING'S TERM also expires Dec. 31, but the going on his reappointment will be tougher. He, too, was appointed by former President Eisenhower, and has been on the Commission since 1959. Though a Democrat, he comes from Iowa, a state which has two Republican senators and only one Democrat among its seven representatives in the House. President Johnson may well come under pressure to appoint someone from a state more loyal to his party.

THE PRESIDENT can take his time about filling these up-coming vacancies without short-handing the Commission. Messrs. Walrath and Herring may continue to serve under that provision of the Interstate Commerce Act which leaves a commissioner on the job until his successor "is appointed and qualifies."

with last year's $43.8 million for the period.

Other carriers in the increase column for the first three quarters include: Great Northern, up from $16.2 million to $20.2 million; Santa Fe, up from $40 million to $43.2 million; Northern Pacific, up from $10.5 million to $15 million; Frisco, up from $3.9 million to $4.9 million.

In the East, the picture is generally less rosy, though improved over last year. The Pennsylvania, which operated at a net deficit of $4.9 million for 1962's first nine months, went into the black by $552,000 for the comparable '63 period. (On a consolidated basis, the Pennsylvania system had a net of $9.8 million for this year's first three quarters, compared with $4.5 million last year). New York Central has trimmed its nine-month deficit from $8.5 million to $3.9 million.

Baltimore & Ohio's turned last year's three-quarter deficit of $1.2 million into a profit of $3.7 million in this year's corresponding period, and expects a calendar-year net of $5 million.

Among those still in the red-ink column are the Central of New Jersey, which anticipates a net deficit this year of about $5.6 million compared with a 1962 loss of $7.5 million; and the Lehigh Valley, whose deficit of $3.54 million in this year's first nine months was only slightly better than last year's loss of $3.56 for the period.

PRR doubles its dividend

The board of directors of the Pennsylvania has demonstrated its belief in the road's present and future prospects by declaring a dividend of 50 cents per share, or double the amount paid per share in the last five years.

The dividend, which maintains unbroken the Pennsylvania's 116-year dividend record, comes at a time when the railroad is involved in making decisions crucial to its future; among them the announced intention to make investments as part of a long-range program of diversification.

Chairman Stuart T. Saunders reflected this new confidence when he explained that estimated earnings for the year, and especially for the fourth quarter, justify the extra payment to shareholders.

Another reason for Pennsy optimism: Mr. Saunders announced PRR acquisition of approximately 30% of the outstanding stock of Buckeye Pipeline Co., a 7,500-mile oil pipeline.

A "BETTER ENGINEERED" DISCHARGE GATE ...POWER GEARED

for trouble-free 1-man production!

Three times the opening power of ordinary gates
Distortion-free electric steel castings
Permanently lubricated bearing surfaces
Preassembled for welding to chute
For 8" and 11" rail clearance

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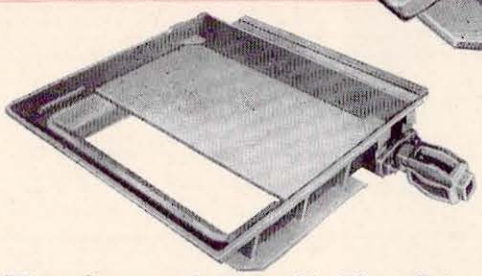

Wine also manufactures this *Direct Drive* gate. Like the Power Geared model, it comes assembled, ready to weld to chute. Sizes for 8" and 11" rail clearance. Pinions welded to shaft for true alignment. Drive mechanism bolted for ease of maintenance.

You can *cut unloading costs* with this exceptionally smooth-operating gate. Precision cast and *accurately machined*. No on-the-job fitting necessary. Fully assembled, ready to weld to chute. No extra parts required. Fast, trouble-free installation. Unusually *tight* seal prevents lading losses. Big 13" x 24" opening for rapid discharge.

A unique hypocycloid gear, operating on an eccentric crankshaft, produces a 6:1 gear reduction. *Power mechanism* is bolted on *not welded*. Simple bolt removal drops drive shaft allowing entire gate to be pulled out for thorough cleaning.

See your Wine sales representative or write today for details on this *thoughtfully engineered* Power Geared discharge gate.

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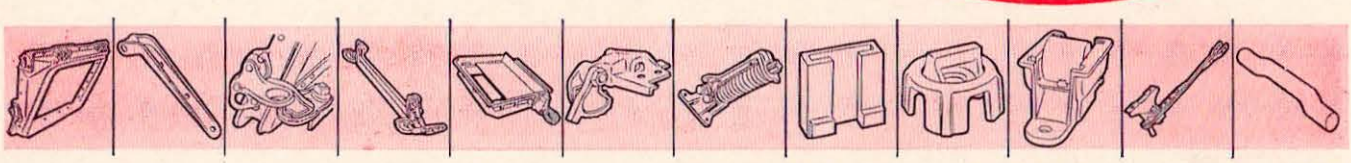

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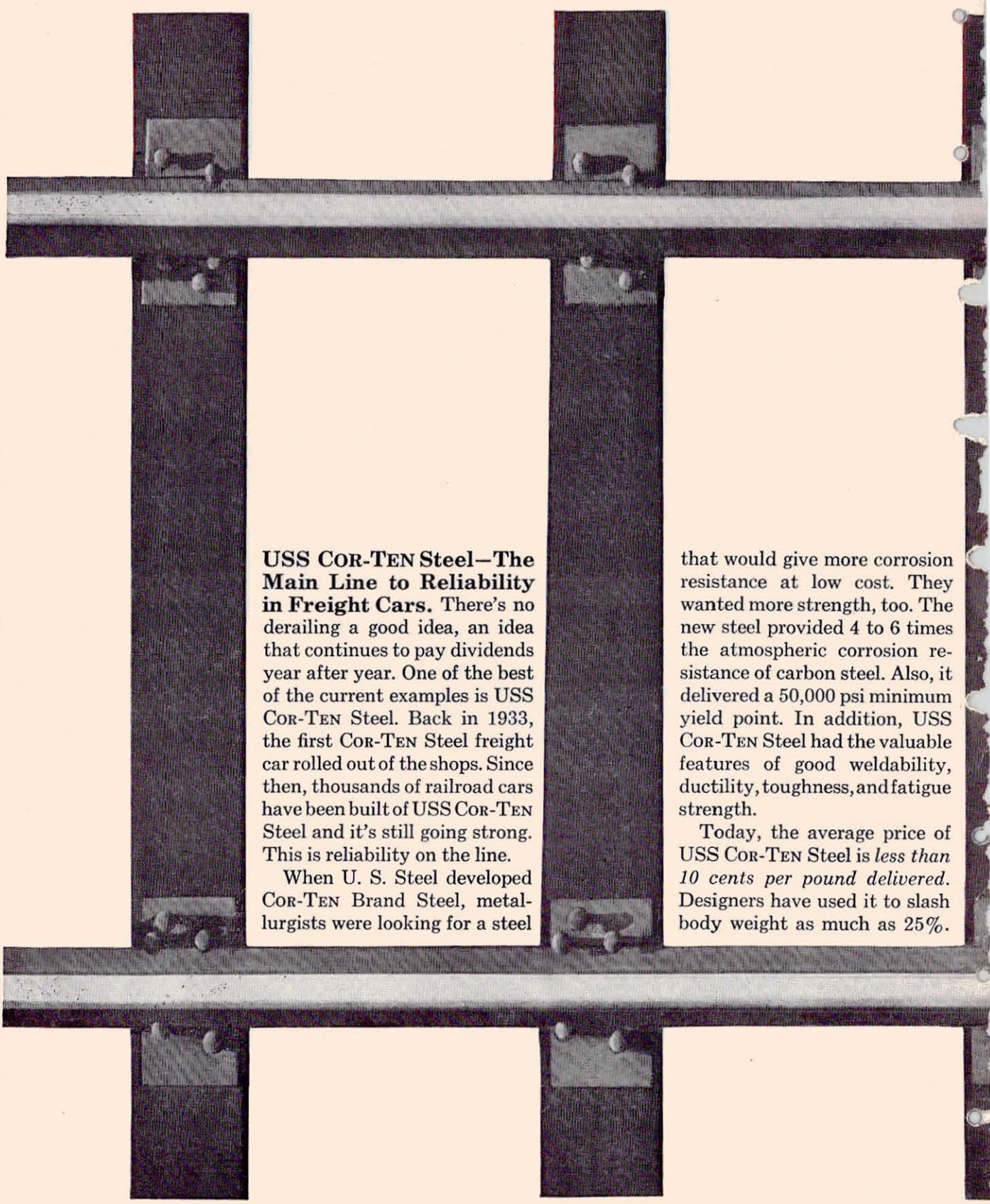

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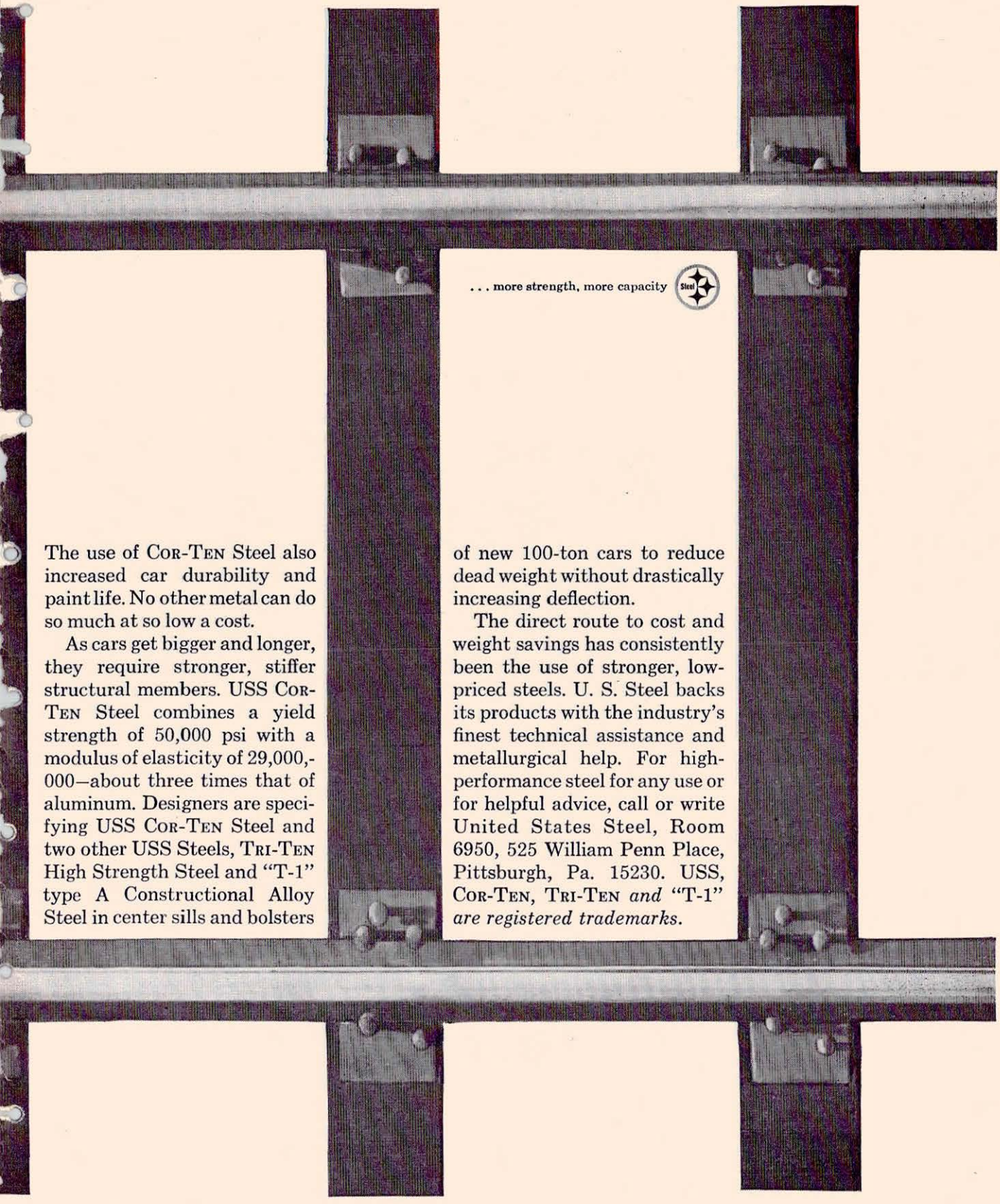
Today, the average price of USS COR-TEN Steel is *less than 10 cents per pound delivered.* Designers have used it to slash body weight as much as 25%.



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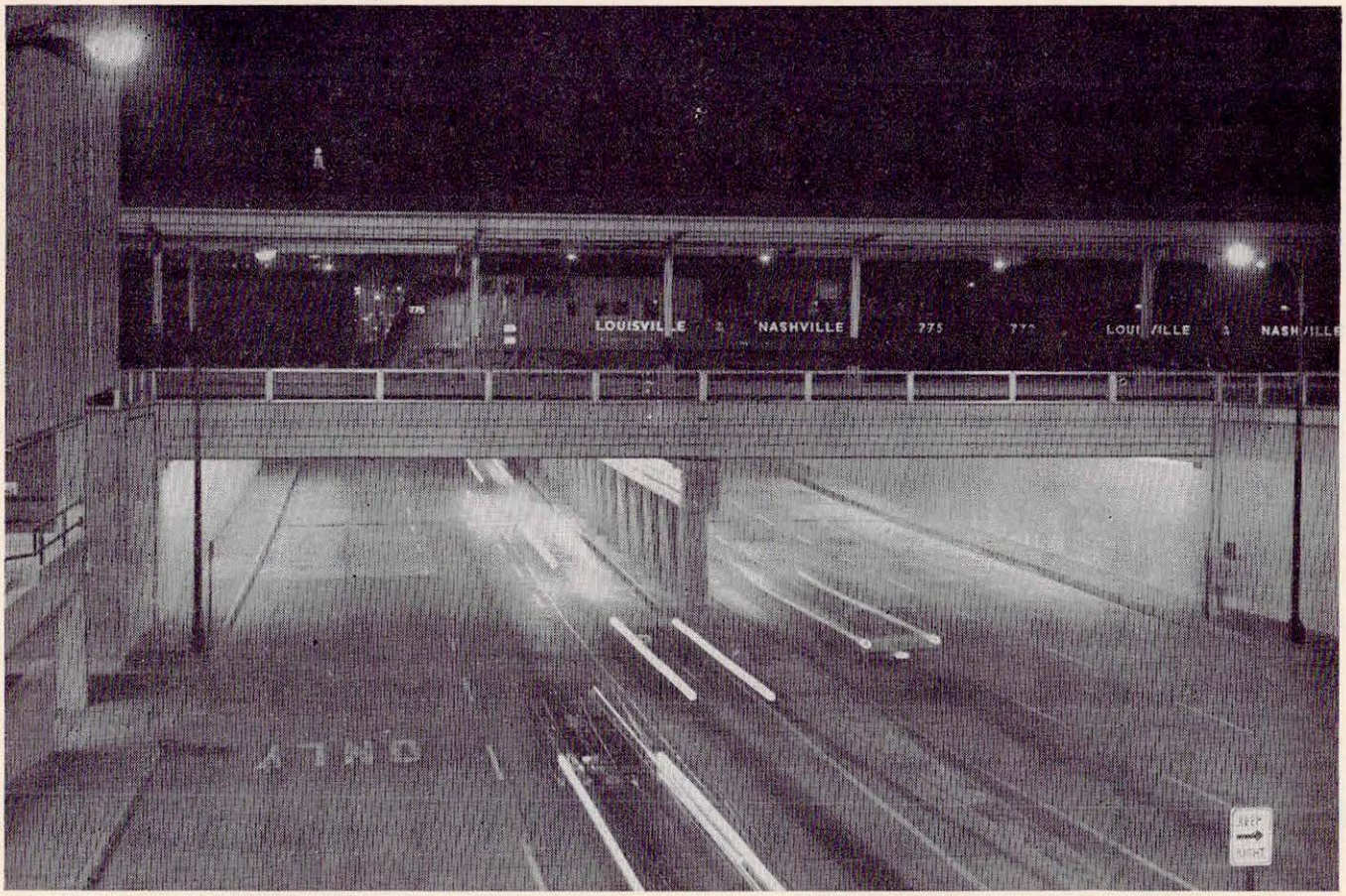

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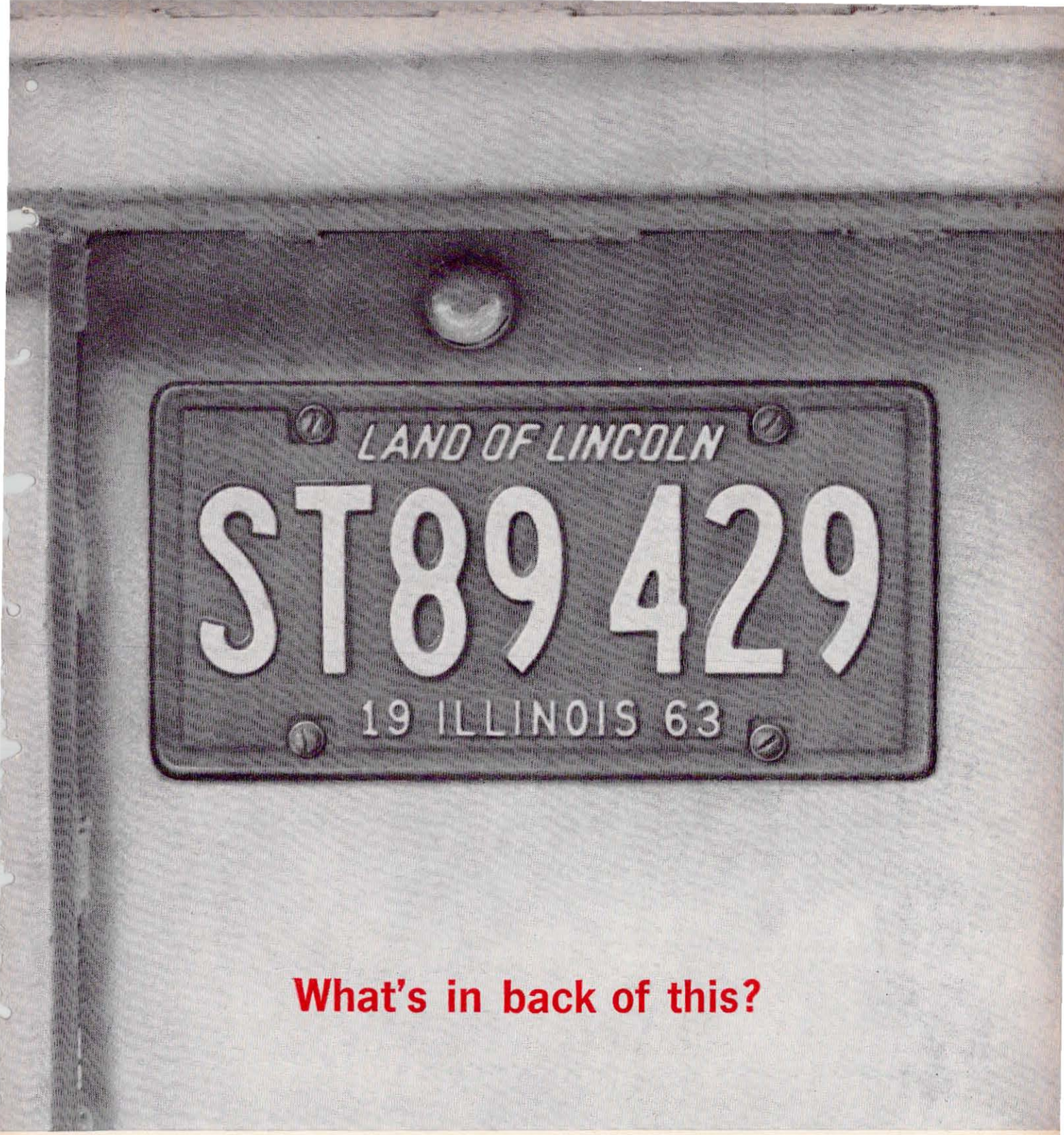

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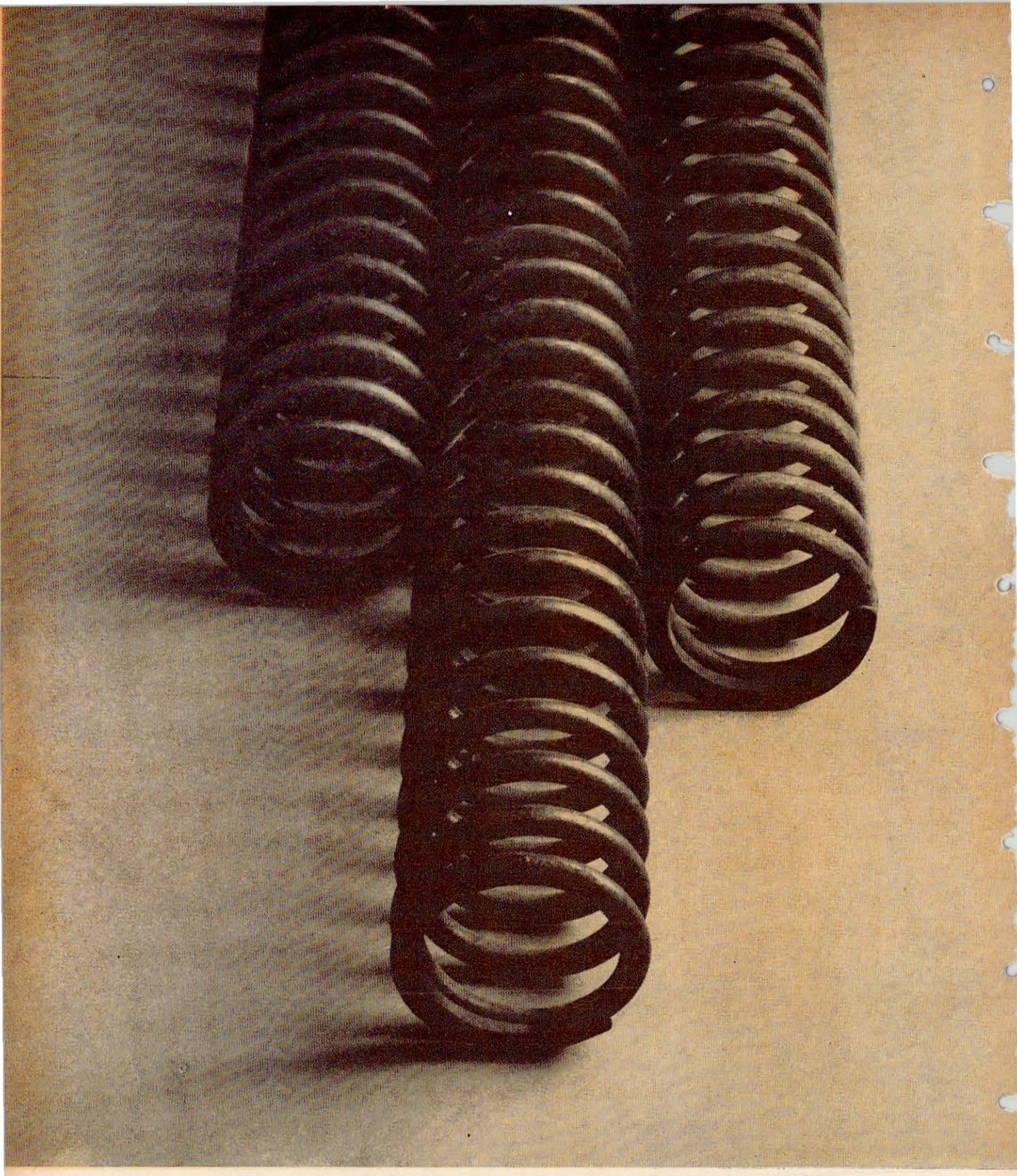

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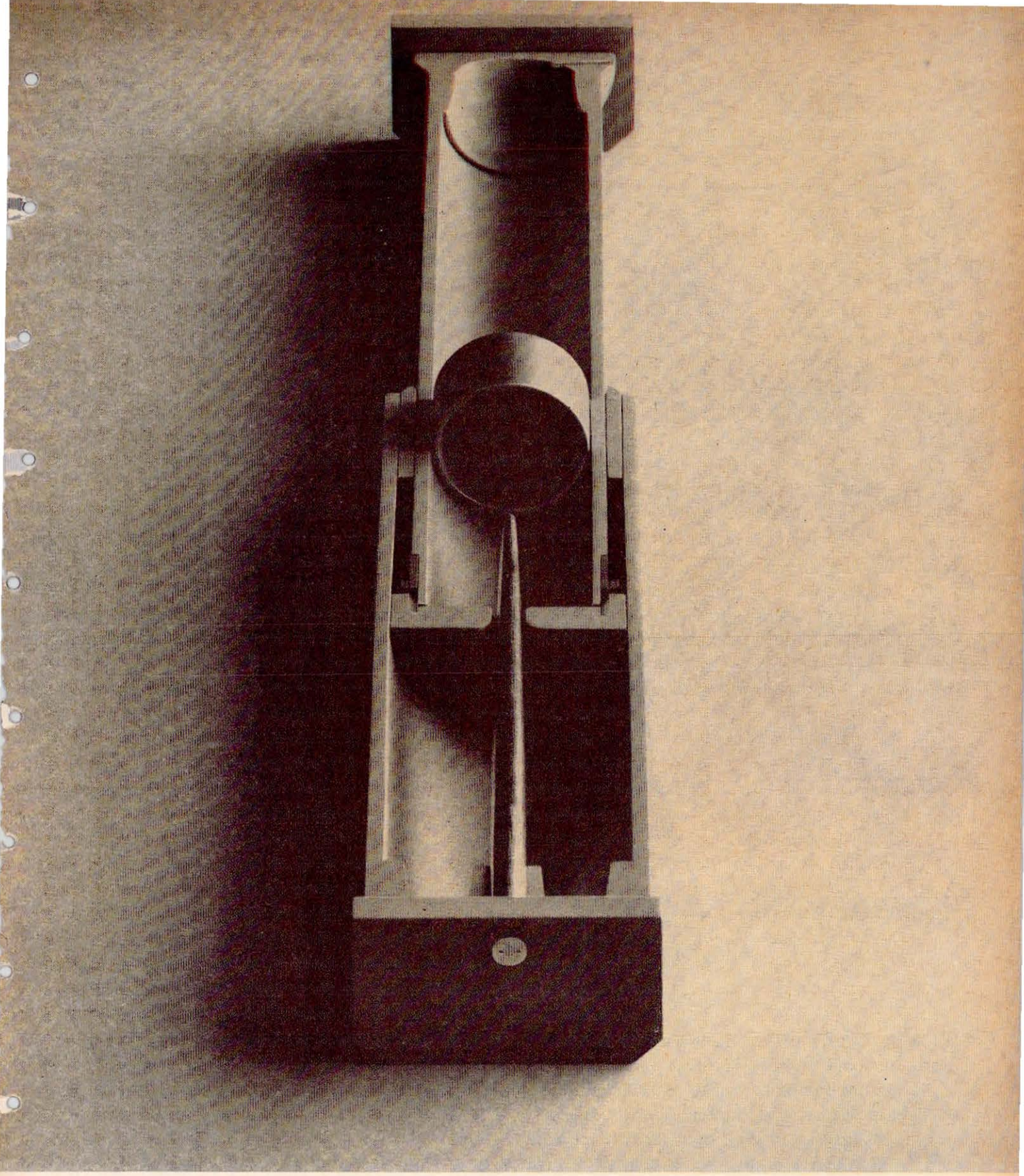
Springs increase weight of cushioning systems by at least 200 lbs. Because of its advanced design, the ACF Freight-Saver eliminates this and other dead weight. In fact, with ACF Freight-Saver equipped cars, you can save as much as 1500 lbs. in comparison to identical cars equipped with other center-of-the-car sliding sill cushioning units having the same travel.

What is used in place of springs? The ACF Freight-Saver's proven hydraulic-pneumatic cushioning system uses air pressure for return. There are only four moving parts in this dependable design. It serves you trouble-free, impact after impact...year after year. You can count on consistently lower maintenance costs.

Air pressure offers flexibility of return characteristics. As



but look! No springs with the ACF Freight-Saver

friction between fixed and sliding sills is increased, easy adjustments can be made to compensate. Rather than drop the unit and replace the spring, you simply increase the air pressure.

The system offers maximum versatility. ACF Freight-Savers are available with 20 or 30 inches of travel in both directions. They provide reliable protection for an extremely wide range of ladings.

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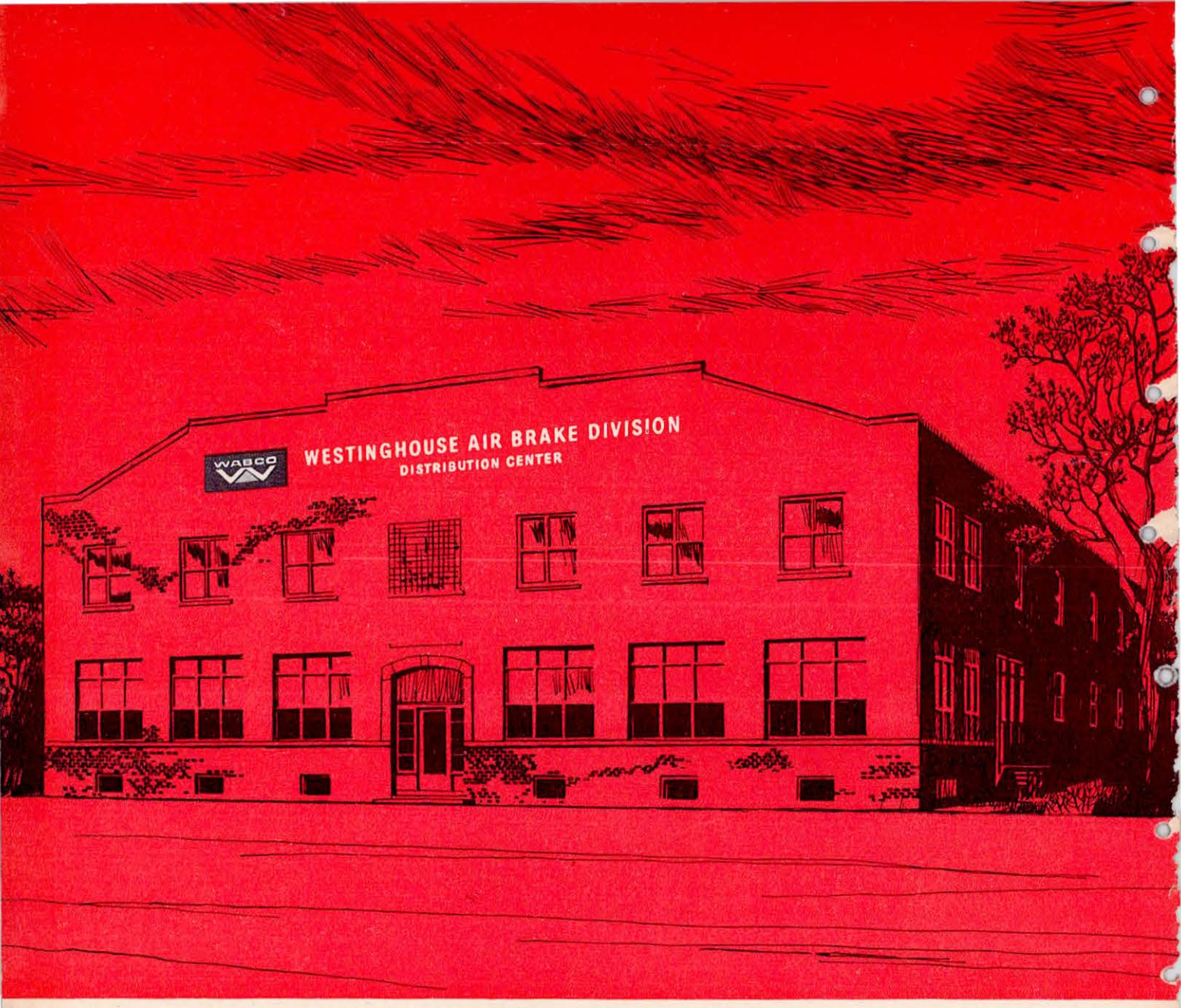
For the facts on the ACF Freight-Saver contact Director of Marketing, American Car & Foundry Division, ACF Industries, Inc., 750 Third Avenue, New York 17, N.Y.



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TO RESTRAIN RAIL MOVEMENT . . .

ATSF 'glues' welded-track joints

When laying butt-welded rails, the Santa Fe connects the long strings with conventional bolted joints in which the angle bars are bonded to the rails with an epoxy formulation.

When rails are butt-welded into multiple lengths and then laid in track an important remaining question is how to join the long lengths. Should they, too, be welded? Or should conventional joint bars be applied? If the latter, what further steps can be taken to assure the integrity of the joint, especially during cold weather when the tendency of the rails to contract may cause powerful pulling forces to be exerted on the joints?

● **Santa Fe's answer.** The Santa Fe, which is one of the largest users of butt-welded rail in the country, has faced this problem, and is doing something about it. The practice on this road is to join the long (1,440-foot) rails with conventional bolted joints. This year the big western carrier began the practice of applying an epoxy "glue" to the contact surfaces of the joint bars and rails. The objective is to provide the strength necessary to resist the pulling action of the rails. The glue used is a two-part epoxy formulation called Bondarc, which is made by the Bondarc Corp., Douglaston, N. Y.

This practice was undertaken following observation of experimental installation of such joints in welded rails, which have been in service on this road for several years. These observations indicated that the practice is effective in keeping the size of the gaps between long strings at zero or within narrow limits, even if the bond at the glued surfaces should be broken.

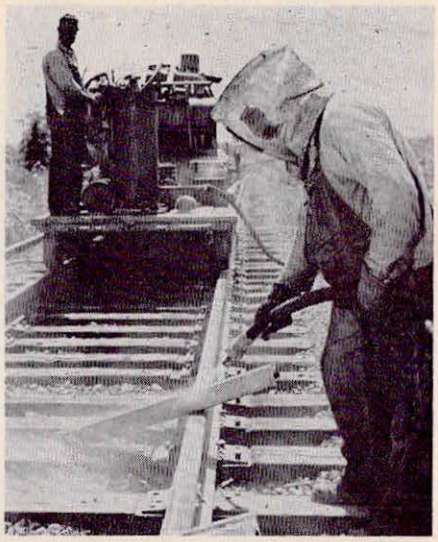
By November 1 the Santa Fe had applied Bondarc this year to a total of about 1,900 joints between welded rails. For the year as a whole it is estimated that about 2,000 such joints will be "frozen" by this method.

● **The equipment used.** The work is done by a crew consisting of a machine operator and two laborers, which follows immediately behind the gang that lays the long rails. The equipment used includes an on-track 315-cfm compressor and two push cars. One of the latter carries a leased sand-blasting unit, and the other, two tanks of propane gas and a heater made in the road's shop at Albuquerque, N. M.

The heater has a hood over a manifold pipe that can be swung from one rail to the other by a short boom. The compressor unit, which is self-propelled, not only furnishes the propulsion for itself and the two push cars, but also supplies power to operate a pneumatic wrench and to pressurize the sand-reservoir tank. Ordinary engine sand is used in the sandblasting unit.

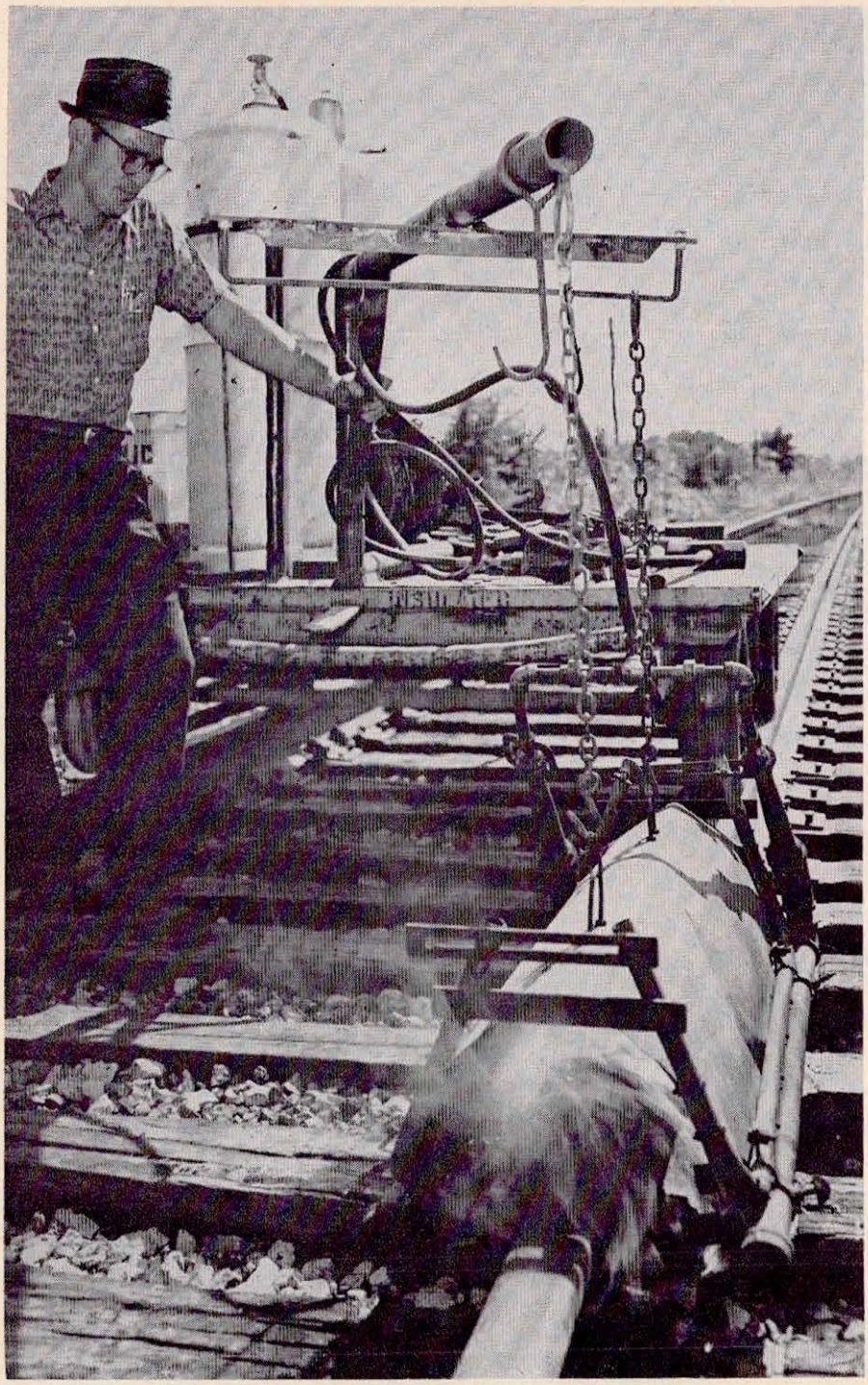
To assure that a rigid glued joint will be obtained, a definite procedure is followed. First, the nuts are turned off the bolts in the joint to be glued by using the pneumatic wrench. The joint is disassembled and the bars are laid on the track with the fishing surfaces upwards. One of the men then operates the sandblasting unit while the foreman directs the blast of sand on the fishing surfaces of the rail ends and bars until they are clean of all foreign matter. A ceramic nozzle having a quarter-inch orifice is used at the end of the delivery hose.

● **Epoxy applied with care.** A suffi-



Fishing surfaces of joint bars and rails are sandblasted until they are clean.

Epoxy is spread on cleaned surfaces, joint is reassembled and heat is applied.



Application of heat by propane unit speeds the setting of the epoxy.

cient amount of the epoxy formulation is mixed to coat the contact areas of the bars and rails. The proper amounts of epoxy resin and curing agent are blended in a clean paper drinking cup and applied to the surfaces with a clean wood paddle.

Great care is exercised when reassembling the joint to avoid any contamination, even in the form of finger prints, of the coated surfaces.

After the joint has been reassembled and the nuts tightened with the pneumatic wrench, the hood of the heater is swung over the joint and its ports are lighted. Heat is applied to the joint for about five minutes, which is sufficient to raise the temperature of the joint to a point between 250 and 300 deg F. Temple sticks are used for checking the temperature.

Purpose of the heat is to speed the setting of the epoxy. Without the artificial heat it is estimated that about three and one-half hours would be required to harden the glue to the same extent, with a substantial reduction in production.

During the heating cycle the men screen the sand and recharge the sand drum. Bond wires are applied to the glued joints by two signal men.

• **Thirty minutes per joint.** One of the joint-gluing gangs will spend an average of about 30 minutes at each joint.

The daily production is, of course, governed to some extent by the number of rail strings that may be laid in a day.

There is another factor that has a bearing on the production of the gluing gangs and that is the situation they encounter near the end of the working day. When the steel gang has closed out for the day the track is ready for traffic. Hence, because it needs the uninterrupted use of the track for its work, the gluing gang sometimes finds that it is unable to finish the last two joints in the newly laid rail.

During the cool of the night the joints that have not been glued usually develop gaps which must be closed before the Bondarc is applied. In the morning it is likely that the last rails laid the previous day are occupied by the rail-laying equipment, so that it is not possible for the gluing gang to start work on the joints in these rails right away. These joints are, therefore, frequently passed up, at least for the time being.

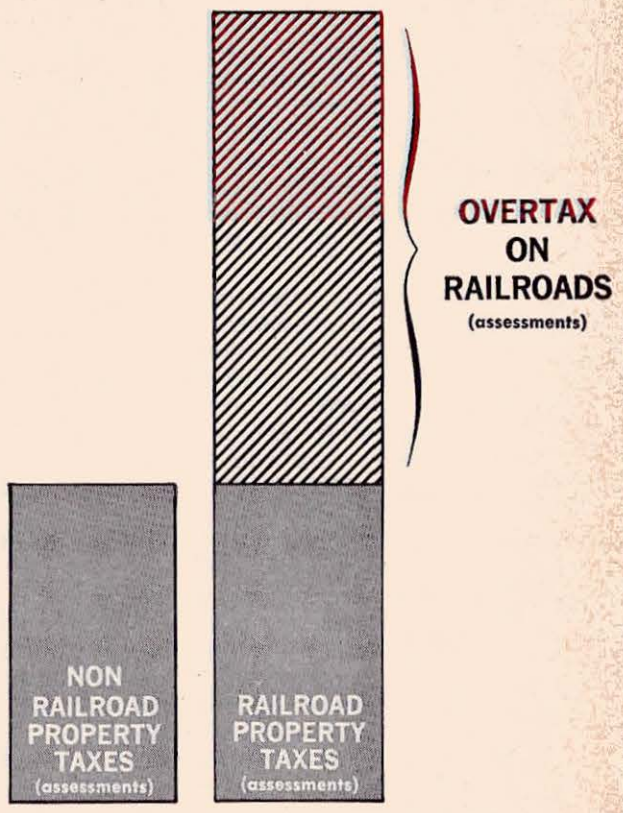
• **How gaps are closed.** To close the gaps, whether the joints are glued in connection with the rail-laying operation or later on, two methods are employed.

One method involves use of the Templeton, Kenly Simplex RP-100 Rail Puller. This is a hydraulic device that is designed to close joint gaps by exerting a direct pull of up to 100 tons on the two rails.

In the other method the rails are heated in the vicinity of the joint until they expand sufficiently to close the gap. For applying the heat a mobile assembly is used consisting of a push car carrying a gas tank with a pipe connection that extends over the rear end of the car. Orifices in the pipe near the end provide a burner effect. A sheetmetal shield, supported on the pipe, directs the flames onto the rail.

Officers of the road say that the rail puller is the faster method, especially where the gaps are relatively wide. When using the heater it is not always practical to close the gaps completely. In that case it is not considered objectionable to glue the joint anyway, providing the gap is not more than ⅛ inch or so.

The Santa Fe reports that a small percentage of the glued joints have separated. However, in such cases officers of the road have been surprised to find that the resulting gaps are seldom wider than one-quarter of an inch, thus indicating that, even though the bond has apparently been broken, the epoxy remains partially effective in restraining movement of the rails. The practical benefit is much the same.



SPECIAL REPORT

TAX OUTRAGE

Discriminatory assessment of railroad property at a higher value than non-railroad property—on the state and local level—is one of the most severe problems burdening the nation's railroads.

State and local tax traps across the country may get the spotlight in railroad affairs now that the marathon work-rules controversy is on its way toward settlement.

● **Multi-million-dollar drain.** Discriminatory taxation levied by 24 states against railroad property—resulting from higher assessments—came to $112,979,417 for one recent year.

How does it happen? The heart of the problem is assessment of rail property at a higher value than it actually has. For instance, when the New York Central discontinued its West Albany car repair shops some years back, it had to sell, for $500,000, property carried on the tax rolls as worth $1,500,000—and when the new owner took possession the tax authorities lowered the assessment to $300,000, one-fifth the assessment they had made of the same property when NYC owned it.

● **Robin Hood's smile.** An officer of a Southeastern railroad, looking at a photograph of a railroad president handing a check for many thousands of dollars to a state tax official, commented: "Behind this photo is a tale that probably cannot be told. The president's smile is prompted by his probable hope that some day the taxing authorities will reduce the assessments on his railroad's property to the level of other property. The state tax official's smile is the same one Robin Hood used when he extracted tribute from travelers going through Sherwood Forest. But, we hardly dare talk about that. We might get even worse assessments next time around."

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The Central of New Jersey knows about it: Years ago the CNJ went bankrupt because of discriminatory taxation. That road's president is credited with

its assessed valuation, have combined to exert maximum pressure on the railroad industry.

● **RR costs grow.** "Wage and other costs of railroad operations are mounting, railroad revenues on both absolute and relative bases are shrinking and railroads are finding it increasingly difficult to afford the luxury of being discriminated against. Regardless of how unpopular it may be for a railroad to complain of its local tax burdens, it is left with hardly any choice in the matter."

Mr. Ogden is quick to point out what state tax men throughout the country know: "Railroads want their assessments to be no higher in relation to value than the assessments of all other property subject to the same tax rates. As responsible citizens, railroads have always been willing to pay their fair share of the cost of government in countless communities throughout the nation which they serve. They should not be required to pay more."

● **Helps RR competitors.** Not only are railroads faced with discriminatory taxation vis-a-vis other taxpayers, but even greater discrimination results from taxation's effect in the competitive position of the railroads.

Burlington President H. C. Murphy recently said: 'In the area of property taxation, railroads are heavily penalized, paying 5 to 6% of freight revenues for taxes assignable to freight service. This compares with a ratio of approximately ½% for both truck and barge lines per freight revenue dollar. There is no good economic reason why the tax contribution of a railroad to state and local government should be 5.03% of its freight revenue while only one-tenth that ratio is exacted from truck and barge lines. These taxes help provide schools, police and fire protection and other essential local services and thus reduce the burden on all other taxpayers."

● **Constitution violated?** Mr. Murphy's point is central to the thinking of some lawyers who think this sort of taxation is in violation of the Interstate Commerce clause of the U.S. Constitution in that it places undue restraint on carriers operating in interstate commerce.

As noted before, the competitive disparity between railroads and other transport modes because of ad valorem taxation in itself is considerable. Discriminatory assessments make it worse. And, in the view of the 1961 Doyle Panel Report commissioned by the Senate Committee on Commerce it will get worse:

"The social investment (public and private costs) of transportation per unit of transportation performed is growing at a fantastic rate." By 1975, "Transportation social investment will outrun the gross national product. . . . The result of expansion of carrier investment and capacity at a rate that so far exceeds the growth of gross national product has resulted in an excess of transportation capacity that is unequalled in this century. . . ." The consequences? More and more tax-free or more lightly taxed competition for the land-loaded—and thus liable for more and more ad valorem taxation—railroads.

● **Complete elimination.** The Doyle Report recommended a complete elimination of taxation on railroad lines—and other common carriers that maintain their own rights of way—as the only way to equalize the tax burden between railroads and competing modes. The glum reaction of L&T men to the proposal is that local governments will never give up tax revenue, especially in a period of rising municipal costs.

Some tax men, however, pointing out the fact that railroad ad valorem taxes are no longer the mainstay of local services they once were, feel that a practical method is the gradual reduction of taxes over a period of several years, to give communities a chance to adjust and develop new sources of revenue.

Railroads sometimes win court

Court cases in the field of railroad property taxation, in the words of one tax man, are "legend and mostly ancient and unfavorable." Some of the litigation in recent years has a new twist—the railroad wins but cannot benefit because legislatures and political pressures on tax administrators tend to make the victory meaningless.

In 1961, '62 and '63 so far, railroaders have marched to court in 10 states with large and important cases involving asessments or equalization or both. There were, additionally, hundreds of other cases involving railroad ad valorem taxes in recent years. The National Association of Railway Tax Commisssioners recently compiled a report citing litigation that might have an effect on railroad assessments in various states. Among the cases:

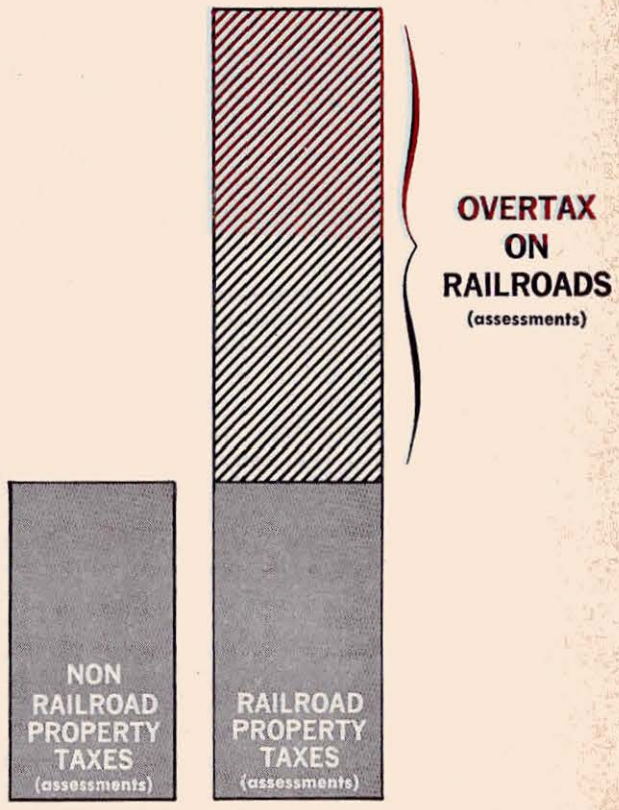
Arizona—After repeated attempts to negotiate relief from discriminatory taxation of its property, Southern Pacific in 1960 filed suit to recover 77% of its taxes paid in November 1959 to nine Arizona counties and also sought injunctive relief from the forthcoming 1960 assessment. SP stated that its property was assessed at 89% of cash value whereas locally assessed property was assessed at 20%.

The court dismissed the case and SP appealed to the Arizona Supreme Court in March 1962. Last January the court decided that discriminatory assessment of railroad property violated Arizona statutes requiring assessment of railroad and other property at full cash value and also Arizona and federal constitutional provisions which require equal assessment of property. It held that if relief was not given in the future, SP would be entitled to an injunction. Recalls SP's General Solicitor Pierce, "However, because it was felt the impact of our claim for recovery of past illegally collected taxes was too severe on local governments, it denied our claim for such."

SP then was faced wth a battle in the legislature. Since both Arizona and federal statutes permit railroad property to be classed differently from other property for assessment ratio purposes SP was faced with the threat of losing its judicial victory by classification legislation aimed at preserving the status quo. Some men in the legislature also made an effort to secure enactment of legislation to bar procedural relief by way of injunction. Both measures were defeated. But the legislature did pass a law creating a division of assessment standards which will prescribe valuation methods and determine the full cash value of all property in the state by the end of next year. In 1963 so far, the Arizona tax commission has given SP a "modicum of administrative relief" and has indicated more relief in the future. Mr. Pierce notes, "Under these circumstances and to avoid punitive legislation as well as to review developments under the new law, we have concluded not to seek injunctive relief as to our 1963 assessment."

New Jersey—As befits a relatively small state that manages to consistently assess railroads at levels 80% higher than other property (and which tax experts figure over-taxes railroads by about $12 million), New Jersey has had 140 railroad tax cases in the last seven years.

In 1957, the New Jersey Supreme Court held that uniformity was a constitutional requirement and ordered reassessment to 100% level for one township. On the same day as that ruling,



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The Central of New Jersey knows about it: Years ago the CNJ went bankrupt because of discriminatory taxation. That road's president is credited with

one of the classic quotes in rail tax circles: "For the last 25 years the CNJ has a perfect record in that we have never won a case. . . ."

The railroads' competitors know—and enjoy—the situation: In one recent year, for instance, railroads in Illinois paid $32 million in property taxes while their truck, barge and air competitors paid only $800,000.

• **'Immediate measures.'** Interstate Commerce Commissioner William H. Tucker wrapped it up succinctly Oct. 7, in a talk to a joint meeting of rail passenger officers in Miami: "Relief from burdensome taxes is one direct way for states and cities to aid the railroads. The ICC found [in one case] that it took 12.8% of passenger revenues to meet taxes. With the upward spiral of property taxes in metropolitan areas . . . immediate measures must be initiated to lessen the costs of maintaining rail facilities in densely populated areas. Another related source of relief is the removal of inequitable tax assessment ratios which have discriminated against railroad property. All too often, it seems, localities have attempted to bleed the railroads as possessors of 'deep pockets.' Many critics of high rail taxes also claim that local resistance to abandonments, train discontinuances and consolidations stems basically from the desire to keep railroad tax payments flowing in."

Looking purely at the letter of state constitutional and statutory provisions one would not suspect any such discrimination. One would assume that all property is assessed and taxed equally. "But," observes Southern Pacific General Solicitor Robert L. Pierce, "in practice there has long been a shocking disregard of these mandates for equality by many state taxing officials."

Another railroad officer, discussing the "unique and unquestionably burdensome" tax policies of New Jersey, pointed out that these policies were "adopted for the same reasons as other states selected their tax policies: that is, the state selected those tax policies which best fitted its particular circumstances—which in less genteel terms means *'get what you can get away with.'*"

• **A little progress.** Discriminatory taxation was an even bigger problem just a few years ago. Some progress—though not nearly enough—has been made since the Senate Committee on Commerce Study Group on Transportation Policies in the U. S. documented—in the Doyle Report—the fact that railroads were overtaxed some $141 million in ad valorem (property) taxes in 1957.

The progress has come through a combination of negotiation with state and local tax officials, litigation and legislative correction of abuses.

For instance, late in August Illinois Gov. Otto Kerner signed a bill that is supposed, in effect, to reduce assessments on railroad property in Illinois to the level of assessment of other property.

When Gov. Kerner signed the bill that promises to end tax discrimination against Illinois railroads, it was a red letter day for the tax men engaged in the long and costly litigation against tax discrimination in Illinois. Preceding the bill were years of county-by-county and, finally, Illinois Supreme Court, litigation over this fact: Railroad property in Illinois is taxed at 100% of valuation while other Illinois property is taxed at about 50% of valuation. The importance of the bill to Illinois railroads can be seen from the amount of taxes they pay—$38 million in 1961.

Overassessment—A 24-state breakdown

State	1961 railroad ad valorem taxes	All other 1961 state and local railroad taxes	Per cent of value at which railroad property assessed	Per cent of value at which property of others assessed**	Estimated reduction in RR ad valorem taxes if railroad assessments had been equitable	Per cent of tax excessive
Alabama	$ 3,146,641	$ 2,278,238	40.00	20.2	$ 1,557,587	49.50
Arizona	7,553,981	287,848	89.00	14.2	6,348,366	84.04
California	23,084,009	4,675,207	46.00*	17.8	14,150,498	61.30
Idaho	4,463,457	278,525	45.00*	11.8	3,293,139	73.78
Illinois	38,380,747	9,048,157	100.00	46.0	20,725,603	54.00
Iowa	7,545,312	106,268	60.00*	24.5	4,464,561	59.17
Kansas	12,944,658	638,939	55.00*	19.0	8,472,279	65.45
Kentucky	5,809,748	645,528	60.00	27.7	3,127,387	53.83
Louisiana	4,161,355	1,619,044	40.00*	20.4	2,039,064	49.00
Mississippi	3,291,260	712,560	35.00*	14.0	1,974,756	60.00
Missouri	9,445,556	897,455	50.00*	25.8	4,571,649	48.40
Montana	7,310,163	181,251	35.00	7.4	5,764,795	78.86
Nevada	2,399,763	1,524	35.00	23.2	808,960	33.71
New Jersey	16,748,128	1,229,682	100.00	29.1	11,874,423	70.90
New Mexico	2,305,014	310.206	70.00*	15.7	1,787,999	77.57
No. Carolina	2,247,927	3,104,280	50.00*	32.4	791,270	35.20
No. Dakota	5,494,495	140,468	40.00	19.0	2,884,610	52.50
Oklahoma	6,397,151	386,088	50.00*	19.3	3,927,851	61.40
So. Dakota	1,381,753	40,303	100.00	42.3	797,271	57.70
Tennessee	6,904,545	2,044,962	85.00	28.4	4,597,737	66.59
Utah	3,982,333	368,894	28.00*	14.5	1,919,882	48.21
Virginia	7,409,880	6,839,889	40.00*	29.1	2,019,192	27.25
W. Virginia	7,631,601	4,109,324	50.00*	33.7	2,487,902	32.60
Wyoming	3,257,081	39,923	100.00	20.4	2,592,636	79.60
	$193,296,558	$ 39,984,563			$112,979,417	58.45

*—Or higher.

**—Each per cent used was the highest of the four 1961 ratios reported by the Bureau of the Census, U.S. Department of Commerce, in Census of Governments 1962, Taxable Property Values, Vol. II, page 94, table 13. This minimizes the extent of discrimination.

• **No progress here.** But discriminatory assessment of railroad property continues unabated elsewhere. For example, the Toledo, Ohio, Chamber of Commerce in 1950 filed a complaint against the New York Central alleging discrimination in failing to build a new station. NYC was forced to build a station—at a cost of $4,856,745—which is taxed at more than $40,000 a year. Five years later the city completed its Express Airport at a cost of $3,865,228—out of city funds to which NYC and the other railroads serving Toledo, as well as other taxpayers, contributed. The airport pays no taxes and is operated at a deficit paid for by city funds to which, again, railroads contribute.

Another example cited in the Doyle Report was the experience of the Pullman Co. in 1960 (see table on page 28) when, after sale of property in Richmond, Calif., to a private concern, land previously assessed at $95,550 was assessed at $87,760 to the new owner and improvements assessed previously at $247,280 were assessed at $102,240 to the new owner.

• **Land given away.** In New Jersey's Hudson County railroads have been unable to dispose of land at anywhere near its assessed value and have had to practically give it away to get from under the heavy burden of taxes. Property assessed at $621,000—and on which the Pennsylvania paid annual taxes of $52,226—sold for $19,471. Another road sold land assessed at $857,000, with annual taxes of $66,000, for only $40,000.

New Jersey's taxing policies cause a premium to be put on the continued use of old and outmoded property and a penalty on improvement. New equipment or facilities result in increased taxes. Several years ago, PRR installed escalators in the Trenton passenger station at a cost of $195,000. PRR's tax bill increased by $6,300 a year.

• **Political dynamite.** While the discrimination in Illinois may be corrected in the months ahead, similar discrimination against railroad property in other states is still squeezing millions and millions of dollars from railroads in tax overcharges according to the men best able to judge—the railroad land and tax men. Cheered by the Illinois law, the railroad tax experts still face an uphill fight against tax discrimination which, patently unfair, is still political dynamite.

"While Robin Hood looks like he might have been shot down in Illinois, his counterparts in other states exhibit even more reluctance to realize that the melon is getting smaller—and that the tax collector's slice is getting bigger," was the wry summing up of a L&T attorney on the land-loaded revenue-poor situation of U.S. railroads.

TAX OUTRAGE

What are the basic problems?

There are some bright spots, in addition to the Illinois law, in the state and federal tax setup, insofar as railroads are concerned:

• Discriminatory ad valorem taxation of railroads has been reduced by about $30 million since 1957.

• Painstaking negotiation and work with state tax officials have resulted in some programs in a few states aimed toward equalizing railroad assessments to the levels of other property.

• Legislatures in several states have acted to correct discrimination against railroads in matters of assessment levels and valuation.

• A bill in Congress—H.R. 736—would help if it is enacted and becomes an amendment to the Interstate Commerce Act. It provides for federal court intervention where discriminatory taxation imposes an undue burden on interstate commerce.

These pluses, however, were not enough to make the railroad L&T men optimistic or believe the problem could soon be eliminated. On the debit side:

• A trend to even greater discrimination is showing up in some states that have shown considerable discrimination in years past.

• In at least one state—after a railroad proved discrimination (constructive fraud is what the lawyers term it) in the courts—legislative action threatened to embalm the discrimination into legality via new law. Many state constitutions allow property classification that can result in railroads being assessed at a different level than other property.

• The political pressures to preserve the discriminatory status quo get more severe every year as municipal and state budgets soar to meet the demands of expanding populations for increased governmental services.

• Some new problems are cropping up for rail L&T men as a result of mergers. In one Eastern state an absorption of a railroad by another resulted in a tax assessment boost from $7 million to $11 million for the same property. Since valuation is often based on such things as value of stocks, income and other factors that can change radically in a merger situation, L&T men approach the problem of taxes after mergers gingerly—it is unexplored territory.

The "Robin Hood" type of discriminatory taxation is widespread, according to the railroad L&T men. It developed over the years when the market value of most property—residential, commercial, and industrial—increased sharply after World War II. The assessments on these properties remained the same, automatically decreasing the assessment/value ratio. This was not true of railroad property which, mostly, is re-assessed every year. Thus, the assessment ratio of the carriers was kept at an extremely high point in comparison with other property.

• **Tough nut to crack.** This poses a difficult situation for the L&T men. It is politically unrealistic to hope that government will reduce railroad assessments without decreasing assessments for other property—especially in a period when taxes are going up, year by year, to meet mounting costs of government.

Broley E. Travis, consulting valuation engineer (and formerly chief of the valuation division of the California State Board of Equalization) sees many state agencies as "sadly understaffed" leading to "shortcuts" disadvantageous to the railroads. "An example of this is the blind use of cost figures by many states which have little or no value as indicators of market value. I also realize that some agencies do not want to use more scientific methods of valuation as they know that to do so would, in all probability, result in a reduction in value and such a result is not politically good."

• **Political expediency.** Probably the main reason "for lack of equalization of railroad assessments," in Mr. Travis' view, is "political expediency. Nearly all state agencies that have the final responsibility of making the assessments are either elected to office or are appointed by some elected official. Such officials are under extreme pressure to keep railroad assessments at a higher level than property owned by the voting public."

James N. Ogden, vice president and general counsel of the Gulf, Mobile & Ohio—and a leader in the struggle against tax discrimination—puts it this way: "In recent years railroads have been literally driven to intensify their efforts to end this form of discrimination. Steadily increasing state and local tax rates, an expanding economy and rising values of private and commercial property generally throughout the country, with no corresponding increase in

its assessed valuation, have combined to exert maximum pressure on the railroad industry.

● **RR costs grow.** "Wage and other costs of railroad operations are mounting, railroad revenues on both absolute and relative bases are shrinking and railroads are finding it increasingly difficult to afford the luxury of being discriminated against. Regardless of how unpopular it may be for a railroad to complain of its local tax burdens, it is left with hardly any choice in the matter."

Mr. Ogden is quick to point out what state tax men throughout the country know: "Railroads want their assessments to be no higher in relation to value than the assessments of all other property subject to the same tax rates. As responsible citizens, railroads have always been willing to pay their fair share of the cost of government in countless communities throughout the nation which they serve. They should not be required to pay more."

● **Helps RR competitors.** Not only are railroads faced with discriminatory taxation vis-a-vis other taxpayers, but even greater discrimination results from taxation's effect in the competitive position of the railroads.

Burlington President H. C. Murphy recently said: 'In the area of property taxation, railroads are heavily penalized, paying 5 to 6% of freight revenues for taxes assignable to freight service. This compares with a ratio of approximately ½% for both truck and barge lines per freight revenue dollar. There is no good economic reason why the tax contribution of a railroad to state and local government should be 5.03% of its freight revenue while only one-tenth that ratio is exacted from truck and barge lines. These taxes help provide schools, police and fire protection and other essential local services and thus reduce the burden on all other taxpayers."

● **Constitution violated?** Mr. Murphy's point is central to the thinking of some lawyers who think this sort of taxation is in violation of the Interstate Commerce clause of the U.S. Constitution in that it places undue restraint on carriers operating in interstate commerce.

As noted before, the competitive disparity between railroads and other transport modes because of ad valorem taxation in itself is considerable. Discriminatory assessments make it worse. And, in the view of the 1961 Doyle Panel Report commissioned by the Senate Committee on Commerce it will get worse:

"The social investment (public and private costs) of transportation per unit of transportation performed is growing at a fantastic rate." By 1975, "Transportation social investment will outrun the gross national product. . . . The result of expansion of carrier investment and capacity at a rate that so far exceeds the growth of gross national product has resulted in an excess of transportation capacity that is unequalled in this century. . . ." The consequences? More and more tax-free or more lightly taxed competition for the land-loaded—and thus liable for more and more ad valorem taxation—railroads.

● **Complete elimination.** The Doyle Report recommended a complete elimination of taxation on railroad lines—and other common carriers that maintain their own rights of way—as the only way to equalize the tax burden between railroads and competing modes. The glum reaction of L&T men to the proposal is that local governments will never give up tax revenue, especially in a period of rising municipal costs.

Some tax men, however, pointing out the fact that railroad ad valorem taxes are no longer the mainstay of local services they once were, feel that a practical method is the gradual reduction of taxes over a period of several years, to give communities a chance to adjust and develop new sources of revenue.

Railroads sometimes win court

Court cases in the field of railroad property taxation, in the words of one tax man, are "legend and mostly ancient and unfavorable." Some of the litigation in recent years has a new twist—the railroad wins but cannot benefit because legislatures and political pressures on tax administrators tend to make the victory meaningless.

In 1961, '62 and '63 so far, railroaders have marched to court in 10 states with large and important cases involving asessments or equalization or both. There were, additionally, hundreds of other cases involving railroad ad valorem taxes in recent years. The National Association of Railway Tax Commisssioners recently compiled a report citing litigation that might have an effect on railroad assessments in various states. Among the cases:

Arizona—After repeated attempts to negotiate relief from discriminatory taxation of its property, Southern Pacific in 1960 filed suit to recover 77% of its taxes paid in November 1959 to nine Arizona counties and also sought injunctive relief from the forthcoming 1960 assessment. SP stated that its property was assessed at 89% of cash value whereas locally assessed property was assessed at 20%.

The court dismissed the case and SP appealed to the Arizona Supreme Court in March 1962. Last January the court decided that discriminatory assessment of railroad property violated Arizona statutes requiring assessment of railroad and other property at full cash value and also Arizona and federal constitutional provisions which require equal assessment of property. It held that if relief was not given in the future, SP would be entitled to an injunction. Recalls SP's General Solicitor Pierce, "However, because it was felt the impact of our claim for recovery of past illegally collected taxes was too severe on local governments, it denied our claim for such."

SP then was faced wth a battle in the legislature. Since both Arizona and federal statutes permit railroad property to be classed differently from other property for assessment ratio purposes SP was faced with the threat of losing its judicial victory by classification legislation aimed at preserving the status quo. Some men in the legislature also made an effort to secure enactment of legislation to bar procedural relief by way of injunction. Both measures were defeated. But the legislature did pass a law creating a division of assessment standards which will prescribe valuation methods and determine the full cash value of all property in the state by the end of next year. In 1963 so far, the Arizona tax commission has given SP a "modicum of administrative relief" and has indicated more relief in the future. Mr. Pierce notes, "Under these circumstances and to avoid punitive legislation as well as to review developments under the new law, we have concluded not to seek injunctive relief as to our 1963 assessment."

New Jersey—As befits a relatively small state that manages to consistently assess railroads at levels 80% higher than other property (and which tax experts figure over-taxes railroads by about $12 million), New Jersey has had 140 railroad tax cases in the last seven years.

In 1957, the New Jersey Supreme Court held that uniformity was a constitutional requirement and ordered reassessment to 100% level for one township. On the same day as that ruling,

cases, but politicians often have the last word

the same court ruled in another case that railroads were entitled to equality of treatment with other taxpayers—but that equalization ratios determined by the state and used for school aid purposes could not be used to eliminate railroad assessment discrimination. The court said there has to be a common assessment level found, to which railroads could be reduced, rather than an arithmetical level. As a result, there was a mass movement in New Jersey toward local revaluation, helped by a series of lower court decisions which, in effect, made it impossible to prove discrimination in the eyes of the law unless the assessor testified to a common level of assessment. However, in 1961, the courts decided, in a non-railroad case, that where the record revealed no common level of assessment an average ratio could be used to give taxpayer relief.

Virginia—The Richmond, Fredericksburg & Potomac was involved in a case where the issue was the increasing of the land value of that railroad's Potomac Yards at Alexandria to the level of the valuation for adjacent industrial land. The RF&P contended the value should be according to its use—or that adjustments should be made because of the cost of developing public streets, sidewalks and other necessary utilities for such industrial use. The Virginia Supreme Court of Appeals upheld the determination of fair market value as found by the State Corporation Commission on the basis of industrial site value and also upheld a 40% formula used by the Commission.

Florida—Currently, the 1961 full value assessment of the Florida East Coast of $50 million has been appealed to the courts. FEC contends that its value should be no more than $20 million.

Illinois—A considerable amount of important litigation has come in this state in recent years and four cases of importance were decided in 1961 and 1963. Suits brought by the Burlington, GM&O and C&NW were decided in 1961, and another C&NW case was decided May 27, 1963. All held that discriminatory taxation existed and tax refunds should be made when the carriers involved proved that local property was assessed at a level no more than 50% of full fair cash value while railroads were assessed by the Illinois Department of Revenue at 100% of cash value.

In all these cases the measure of tax refund was the adjustment which would be made in each tax rate if those tax rates had been computed using total assessments in each district at 100% of cash value rather than the lower total actually used. The difference between the two rates is applied to the railroad value in that district to arrive at the illegal tax to be refunded.

A tax case between Cook County and the Chicago, Burlington & Quincy was continued Nov. 12 to April 27, 1964, by County Judge Thadeus V. Adesko, to give time to the county to have a study made of the case by a "Washington organization." Burlington is seeking a 52% refund on its county real estate taxes for 1957 on the grounds that it was taxed unfairly at full valuation of its property while other landowners were taxed at less than full value. The case is being watched by other Cook County railroads. Should CB&Q win the case, 28 other roads could petition for $35 million in refunds from 1957-61 taxes.

On Nov. 26, the Supreme Court of Illinois in a tax objection case of Gulf, Mobile & Ohio from Grundy County again held: "We are of the opinion that there has been discrimination against the [railroad] amounting to constructive fraud." The court cited with approval and followed its previous decisions in similar cases.

Oregon—In a case brought by the Union Pacific in Oregon, that state's Supreme Court held that the state tax commission was discriminatory in assessing the railroad's property in Multnomah County at 117% of value when the ratio of all locally assessed property was 100%. The court indicated that constitutional and statutory provisions require uniformity and that prior alleged acquiescence in this practice should not preclude a taxpayer from challenging an unlawful tax. They upheld the lower court's setting aside of the state tax commission's 117% assessment on railroad property.

Nebraska—An important series of cases was brought in 1960 in Nebraska. The Supreme Court of that state decided it was unlawful discrimination for the state to use a multiplier on its formula for determination of railroad assessments within the state that would result in a railroad company having the same assessment after equalization that it had before the 35% level was adopted.

South Dakota—In 1962, a Chicago, Milwaukee, St. Paul & Pacific suit resulted in the court holding that the 60% statutory assessment level should be applied to railroad operating property and directed the tax commissioner to apply it to his determination of full value in arriving at the assessed value for the railroad company.

While the discrimination is widespread it is by no means evenly distributed. Tax experts figure that some 24 states would have collected only $80 million in property taxes—58% less—if they had assessed railroad property at the same rate as other property in 1961. Instead they collected $193.2 million in property taxes and $40 million in other state and local taxes. These states were assessing railroad property at rates that ranged from 27% to 84% above the prevailing assessment rate for other property within their borders (see table, page 22).

● **Confiscatory assessments.** With some railroads literally "not worth reproducing by today's economic standards and costs," in the phrase of one L&T man, some states are hitting the carriers with assessments that approach being confiscatory. It is not uncommon to find railroads paying taxes of $5 and $6, and even as high as $8, per $100 of revenue earned by a branch line—while nearby industry and business pays $2 and $3 per $100. Chicago & North Western, for instance, estimates it is paying a minimum of $2 million annually above the levels at which neighboring property along its lines is taxed.

C&NW was not alone, however. In 1956, for instance, the 15 roads operating in New York state paid $45.1 million in local taxes. The New York City tax bill alone came to $21.7 million. As a result of New York State Assembly action the railroads benefited from a complex adjustment that resulted in reduction of taxes down to $34 million in 1961 and $24.2 million in 1962.

● **'Sound approach.'** The exact amount of the relief provided to New York railroads depends upon the earnings of the railroads. It is, in the view of one Eastern L&T man, "A sound approach to the economic plight of the railroads. One difficulty with this particular legislation was the amount of work involved in the initial stages—it was backbreaking. Also, there are many

aspects of the New York program that continue to be harrying and troublesome to both the railroads and to the municipalities. It is interesting to note that in the program they have specifically incorporated an equalization factor so that the railroad value is equalized for each community and that value is then reduced according to a scale which varies depending upon the railroad's earning ratio."

Another problem state, Ohio, has an assessment formula regarded as particularly bad. In essence, the state's rail assessments are determined this way: Take the previous year's assessment, deduct material and supplies, then deduct 2% from the remainder (presumably for depreciation, although the state denies this). To the resulting figure, add the previous year's betterments at 80% of cost, deduct retirements at 50% and, finally, add in material and supplies on hand at the end of the year.

● **Assessments go up.** Since retirements go out at 50% of original costs and betterments go in at 80% of their costs, Ohio railroads are faced with continually increasing assessments even though railroad plant in the state is shrinking. What makes the system particularly unfair is that much of the equipment being retired was bought back in the Twenties and Thirties at low prices and is being replaced today by equipment costing much more. Thus, an Ohio railroad might retire five $3,000 box cars and get $7,000 of reduction in assessment—and not be able to replace even one of the five box cars without an assessment increase.

Taxes paid by railroads in Ohio, while they do reflect the generally upward rate of taxes, also reflect the steady upward drift of assessments in the face of shrinking rail facilities: $18.3 million in 1953; $19.6 million in 1954; $21.1 million in 1955 and again in 1956; $22.8 million in 1957; $23 million in 1958; $23.6 million in 1959; $24.2 million in both 1960 and 1961, and $24.7 million in 1962.

● **Train-off cases.** Another aspect of the discriminatory taxing with which railroads are faced was voiced by a tax man who was an expert witness at a train-off hearing in the Midwest: "We cannot take off a train we'd like to get off because the city fathers along the line claim they need the train. Truth of the matter is that they cannot get along without the $18,780 in taxes they collect every year for the facilities that would be abandoned."

PRR's Tax Attorney W. F. Lahner, Jr., points out another aspect of the same problem: 'Frequently we find resentment over the removal of a train or the closing of an agency freight station which results in an attempt to increase taxation elsewhere."

TAX OUTRAGE

What can be done about it?

The ordinary safeguards against the kind of discriminatory taxation contained in the equal protection clause of the 14th Amendment to the U.S. Constitution have not been of much avail to railroads. Nor can relief be sought, generally, in federal courts. Federal courts do not interfere in cases involving state taxes.

● **No judicial relief.** SP's General Solicitor Pierce, in a recent talk to the American Bar Association, commented, "Judicial relief does not appear to be available under the equal protection clause . . . . at least in the light of the U.S. Supreme Court's 1940 decision that held that the equal protection clause did not prevent a state from assessing railroad property at a higher ratio of value than other property.

"Nor can relief generally be obtained in the federal courts because of the enactment in 1948 of a federal law which provides that the federal district courts 'shall not enjoin . . . . the assessment, levy or collection of any tax under state law where a plain, speedy and efficient remedy may be had in the courts of such state.' "

● **Railroad reluctance.** Though carrier L&T men have a powerful case that could appeal to the ordinary citizen's sense of fair play, they usually are reluctant to publicly state it—for many reasons. A potent and politically explosive case can and is stated by the opposition. When differences arise between railroads and state tax officials, notes a Northwest rail L&T man, "Cases are very apt to be decided for the state tax assessor rather than the railroad. The state man will be sustained on the grounds that a stable tax base is essential to carry out the necessary functions of government."

R. B. Hain, manager of property taxes for the PRR, speaking to the National Association of Tax Administrators in Seattle last June, cited the first state—Michigan—that adopted a standard for measuring the effect of obsolescence of railroad property. (In evaluation of railroad property there are judgment criteria that differ from state to state.) A formula devised by Allan Weston of Michigan, noted Mr. Hain, was based on the theory, "that any freight line handling less than 500,000 net ton miles per mile of line per year was almost completely obsolete. The depreciated reproduction cost of such a line was written down to 10% —practically scrap value."

● **Illinois accepts.** Mr. Hain noted that Illinois has accepted the Weston plan. He also noted that the factors Mr. Weston considered to arrive at 500,000 ton-miles would produce a much higher figure today. "His approach might well be followed by assessors today to solve a problem—a high degree of obsolescence—they admit exists."

Other factors, too, enter the incredibly complex ad valorem tax situation of the railroads. Clarence D. Martin, Jr., undersecretary of commerce for transportation, while stating that the Department of Commerce has commented favorably on bills "which would make unlawful tax discrimination against common carrier property where the discrimination constituted an undue burden on interstate commerce," noted that caution was necessary because "in many jurisdictions low assessments are made on residential property in order to encourage home ownership and these are offset, in part, by new state taxes on income and sales which are then shared with local jurisdictions. It would seem to us that a more suitable comparison would be assessment policies relating to commercial and industrial properties as a whole compared to common carrier property." Railroad tax men, however, disagree. They point out that railroad property is, in fact, frequently assessed at much higher levels than commercial and industrial property—even though such property is sometimes assessed at higher-than-average levels.

Education and persuasion—rather than going to court—are still the main techniques used by rail L&T men in spite of the fact that railroads are clearly less and less able to bear the discriminatory taxes.

● **'Gradual approach.'** Says a West Coast L&T man: "Our experience illustrates the hard practicalities in doing something about this serious national railroad problem and dictates the need for a gradual approach to solving it. Our approach is a combination of securing administrative relief, even if it's only gradual, by threatening judicial action. Most tax assessors are conscientious and are caught in an almost intolerable squeeze between the merits of our case and the need for revenues.

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● **'Sound approach.'** The exact amount of the relief provided to New York railroads depends upon the earnings of the railroads. It is, in the view of one Eastern L&T man, "A sound approach to the economic plight of the railroads. One difficulty with this particular legislation was the amount of work involved in the initial stages—it was backbreaking. Also, there are many

aspects of the New York program that continue to be harrying and troublesome to both the railroads and to the municipalities. It is interesting to note that in the program they have specifically incorporated an equalization factor so that the railroad value is equalized for each community and that value is then reduced according to a scale which varies depending upon the railroad's earning ratio."

Another problem state, Ohio, has an assessment formula regarded as particularly bad. In essence, the state's rail assessments are determined this way: Take the previous year's assessment, deduct material and supplies, then deduct 2% from the remainder (presumably for depreciation, although the state denies this). To the resulting figure, add the previous year's betterments at 80% of cost, deduct retirements at 50% and, finally, add in material and supplies on hand at the end of the year.

● **Assessments go up.** Since retirements go out at 50% of original costs and betterments go in at 80% of their costs, Ohio railroads are faced with continually increasing assessments even though railroad plant in the state is shrinking. What makes the system particularly unfair is that much of the equipment being retired was bought back in the Twenties and Thirties at low prices and is being replaced today by equipment costing much more. Thus, an Ohio railroad might retire five $3,000 box cars and get $7,000 of reduction in assessment—and not be able to replace even one of the five box cars without an assessment increase.

Taxes paid by railroads in Ohio, while they do reflect the generally upward rate of taxes, also reflect the steady upward drift of assessments in the face of shrinking rail facilities: $18.3 million in 1953; $19.6 million in 1954; $21.1 million in 1955 and again in 1956; $22.8 million in 1957; $23 million in 1958; $23.6 million in 1959; $24.2 million in both 1960 and 1961, and $24.7 million in 1962.

● **Train-off cases.** Another aspect of the discriminatory taxing with which railroads are faced was voiced by a tax man who was an expert witness at a train-off hearing in the Midwest: "We cannot take off a train we'd like to get off because the city fathers along the line claim they need the train. Truth of the matter is that they cannot get along without the $18,780 in taxes they collect every year for the facilities that would be abandoned."

PRR's Tax Attorney W. F. Lahner, Jr., points out another aspect of the same problem: 'Frequently we find resentment over the removal of a train or the closing of an agency freight station which results in an attempt to increase taxation elsewhere."

TAX OUTRAGE

What can be done about it?

The ordinary safeguards against the kind of discriminatory taxation contained in the equal protection clause of the 14th Amendment to the U.S. Constitution have not been of much avail to railroads. Nor can relief be sought, generally, in federal courts. Federal courts do not interfere in cases involving state taxes.

● **No judicial relief.** SP's General Solicitor Pierce, in a recent talk to the American Bar Association, commented, "Judicial relief does not appear to be available under the equal protection clause . . . . at least in the light of the U.S. Supreme Court's 1940 decision that held that the equal protection clause did not prevent a state from assessing railroad property at a higher ratio of value than other property.

"Nor can relief generally be obtained in the federal courts because of the enactment in 1948 of a federal law which provides that the federal district courts 'shall not enjoin . . . . the assessment, levy or collection of any tax under state law where a plain, speedy and efficient remedy may be had in the courts of such state.' "

● **Railroad reluctance.** Though carrier L&T men have a powerful case that could appeal to the ordinary citizen's sense of fair play, they usually are reluctant to publicly state it—for many reasons. A potent and politically explosive case can and is stated by the opposition. When differences arise between railroads and state tax officials, notes a Northwest rail L&T man, "Cases are very apt to be decided for the state tax assessor rather than the railroad. The state man will be sustained on the grounds that a stable tax base is essential to carry out the necessary functions of government."

R. B. Hain, manager of property taxes for the PRR, speaking to the National Association of Tax Administrators in Seattle last June, cited the first state—Michigan—that adopted a standard for measuring the effect of obsolescence of railroad property. (In evaluation of railroad property there are judgment criteria that differ from state to state.) A formula devised by Allan Weston of Michigan, noted Mr. Hain, was based on the theory, "that any freight line handling less than 500,000 net ton miles per mile of line per year was almost completely obsolete. The depreciated reproduction cost of such a line was written down to 10% —practically scrap value."

● **Illinois accepts.** Mr. Hain noted that Illinois has accepted the Weston plan. He also noted that the factors Mr. Weston considered to arrive at 500,000 ton-miles would produce a much higher figure today. "His approach might well be followed by assessors today to solve a problem—a high degree of obsolescence—they admit exists."

Other factors, too, enter the incredibly complex ad valorem tax situation of the railroads. Clarence D. Martin, Jr., undersecretary of commerce for transportation, while stating that the Department of Commerce has commented favorably on bills "which would make unlawful tax discrimination against common carrier property where the discrimination constituted an undue burden on interstate commerce," noted that caution was necessary because "in many jurisdictions low assessments are made on residential property in order to encourage home ownership and these are offset, in part, by new state taxes on income and sales which are then shared with local jurisdictions. It would seem to us that a more suitable comparison would be assessment policies relating to commercial and industrial properties as a whole compared to common carrier property." Railroad tax men, however, disagree. They point out that railroad property is, in fact, frequently assessed at much higher levels than commercial and industrial property—even though such property is sometimes assessed at higher-than-average levels.

Education and persuasion—rather than going to court—are still the main techniques used by rail L&T men in spite of the fact that railroads are clearly less and less able to bear the discriminatory taxes.

● **'Gradual approach.'** Says a West Coast L&T man: "Our experience illustrates the hard practicalities in doing something about this serious national railroad problem and dictates the need for a gradual approach to solving it. Our approach is a combination of securing administrative relief, even if it's only gradual, by threatening judicial action. Most tax assessors are conscientious and are caught in an almost intolerable squeeze between the merits of our case and the need for revenues.

Many of them, however, make honest efforts to reduce the discrimination gradually and I suppose that is the best that can be done in many situations."

Implicit in his view are two realities with which L&T men have to grapple: Court recourse is expensive. It can cost $200,000 and more for protracted litigation. Also, it is not often satisfactory because—in many cases—local attorneys must handle the case, thereby necessitating long preparation by the railroad's L&T men to educate the local attorney. This preparation is often inadequate.

● **'Devil's advocate.'** Yet another tax man comments, "I spend 50% of my time being the devil's advocate for rail tax men wanting to press action of some kind somewhere against an inequitable situation. The state and local tax men are, mostly, honest, hardworking and often brilliant men who grapple with well-nigh impossible problems. We have to consider them. . . ."

Many L&T men feel many of the present ills in rail ad valorem taxation stem from inadequate watchdogging on the part of railroad L&T departments back when railroads were not so financially hard-pressed. However, PRR's tax attorney, W. F. Lahner, Jr., points out the good relations that were established in years past by old-time L&T men on the railroads. "The old timers left one heritage—they established a good climate with the state and local tax people. In the old days they leaned over backward to accommodate communities in need of funds. The result, nowadays, is that we often are able to get understanding hearings—now that we no longer represent such affluent companies."

● **Difference of opinion.** Other tax men do not fully share Mr. Lahner's view. "Our situation is not a good one," says one L&T man who requested that his name not be cited. "But, I've inherited it and, frankly, I don't know what to do about it. I've inherited problems from the days when railroads were making money and when tax rates were low. Tax men and lawyers, particularly the good ones, tend to leave the field because salary levels are not as good as they are in ordinary railroad legal departments."

When railroad assessments are reduced—as they have been in a few states in recent years—revenue needs are not reduced and other sources must be found. This creates a sticky problem, even for state tax men willing to correct obviously unfair assessments, for the other property owners are voters, and any move that increases their taxes is politically difficult. More dangerous, yet, most state legislatures could pass acts providing for the classification of property, which would mean, in effect,

Some expert opinions

". . . I have no hesitation in agreeing that railroads should be accorded equal and non-discriminatory treatment in taxation of property . . . to eliminate the existing situation would require legislation by the appropriate local authorities."

Interstate Commerce Commissioner Howard Freas

". . . Railroads should be accorded equal, non-discriminatory property tax treatment. . . . Congress should take action to amend the Interstate Commerce Act to make it unlawful, as an undue burden on interstate commerce, to apply discriminatory property tax levies on railroad property. . ."

Congressman Ancher Nelsen (R-Minn.)

". . . It's time to call a halt to discriminatory tax assessments of railroad properties by state and local governments. The need for an anti-discrimination tax law is plainly apparent. Corrective action of a lasting nature can be assured only by Federal legislation which should be supported by all persons concerned with the welfare of our national transport system and should be enacted by the Congress. . ."

Transportation Association of America

". . . There is no logical reason why railroad property worth $1,000 should be taxed at that amount whereas non-railroad property also worth $1,000 should be taxed at a much lower rate. It is a matter of record that some taxing jurisdictions, because of a lack of facts or from prejudice or from pressure exerted by other taxpayers, fail to treat railroad property on the same basis as other property. . ."

Charles M. Chapman, formerly director of the Utilities Division of the Wisconsin Department of Taxation and presently a tax consultant at Hunt, Tex.

". . . Railroad property is assessed unfairly. But, no elected officials are going to commit political suicide by making the fairly large reductions in railroad assessments that would result from complete equalizations. If the general public would give support to an equalization program then perhaps something might be accomplished in this matter. In the meantime the only hope for the railroads is in continually telling their story. . ."

Broley E. Travis, formerly chief, Valuation Division, California State Board of Equalization and now consulting valuation engineer at Sacramento, Calif.

"Regulatory commissions are constantly confronted by the increase in rates sought by the railroads because of their increased costs of doing business in the state. Much of the dollar amount given to the railroads in commuter fare increases in the past few years has been a direct result of this discriminatory tax burden. I have long since given up hope, at the local state level, of alleviating this problem. It seems to me that Congressman Ancher Nelson of Minnesota has hit upon the key cure-all in his HR 736. The uniform treatment of ad valorem taxes at a national level is the only solution to this highly unequitable tax problem."

George R. Perrine, chairman, Public Utilities Section, American Bar Association; Chairman (1953-61) Illinois Commerce Commission; President (1960-61) National Association of Railroad and Utilities Commissioners, and president, Midwestern Gas Transmission Company.

Analysis of a Tax Outrage:

Assessment and tax on The Pullman Company's Richmond, Calif., shops as utility-owned, and after sale to a private owner

PROPERTY	STATE ASSESSMENT OF UTILITY OWNER, THE PULLMAN CO.	LOCAL ASSESSMENT OF PRIVATE OWNER, PARR DEVELOPMENT CO.	*TAX UNDER UTILITY OWNERSHIP, PULLMAN CO.	*TAX UNDER PRIVATE OWNERSHIP, PARR
CONTRA COSTA COUNTY				
Land	$ 95,550	$ 87,760	$ 6,574.80	$ 6,038.77
Improvements	247,280	102,240	17,015.34	7,035.13
Totals	$342,830	$190,000	$23,590.14	$13,073.90
Personal property	284,450		19,572.99	
Grand totals	$627,280		$43,163.13	
CITY OF RICHMOND				
Land	$ 97,460	$106,330	$ 2,378.02	$ 2,594.45
Improvements	252,226	110,420	6,154.31	2,694.25
Totals	$349,686	$216,750	$ 8,532.33	$ 5,288.70
Personal property and sewer	290,144		7,241.51	
Grand totals	$639,830		$15,773.84	

*Tax rate is constant regardless of type of ownership.

Assessment of public utilities is made by California at approximately 50% of fair, cash, market value. Local assessment of other property is generally at an average of approximately 25% of fair, cash, market value.

that one kind of property could go on the tax roll at a higher level than another class. This explains why, generally, rail L&T men prefer negotiation as a way of handling discrimination—and is also the reality beneath the way L&T men "walk on eggs" to avoid offending municipal and state tax men.

● **Negotiation and persuasion.** Also, there is a feeling among L&T men that, so far, negotiation and persuasion have accomplished more than even the highly publicized cases where railroads have won court victories.

Charles M. Chapman, formerly director of the Wisconsin Department of Taxation Utilities Division—and now a consultant at Hunt, Tex.—sees whatever improvement that has come about so far as due ". . . primarily to the slow process of education of the tax administrators. I believe that it holds the most promise. The climate under which the rails operate today is much more favorable than it was 20 years ago."

● **Federal solution favored.** Considerable sentiment is being voiced by railroad L&T men in favor of a federal solution of some kind, preferably to allow the railroads equal protection, via the federal courts, from tax discrimination. Railroads have been considered utilities insofar as taxes are concerned, but railroads are not utilities in the sense that they have not got a rate structure that guarantees them a certain level of return as do water, gas, light and telephone companies. Those utilities, when they incur an expense, simply include it in their costs and get a rate increase.

Notes one tax man, "It should be possible to devise a law applying to the railroads and the utilities if the tax structure is set up to recognize that the single tax in each state would be based on whether or not you are getting a fair return—otherwise it would not be a fair tax."

● **Hazy jurisdiction.** Another L&T man thinks, "As a starter we could use legislation that would permit either concurrent or sole jurisdiction by the federal courts over matters of assessment and valuation of interstate railroad property. At present, federal court jurisdiction is generally non-existent or hazy at best. Review procedures in some states are inadequate and complex and necessitate a multiplicity of suits against all counties involved."

Many L&T men generally support H. R. 736, introduced in Congress by Minnesota Representative Ancher Nelsen. This proposed legislation would forbid the assessment of property owned or used by any common carrier at a higher rate than on other property in the taxing district. The bill would make such practices unlawful "as unreasonable and unjust discrimination against and undue burden upon interstate commerce."

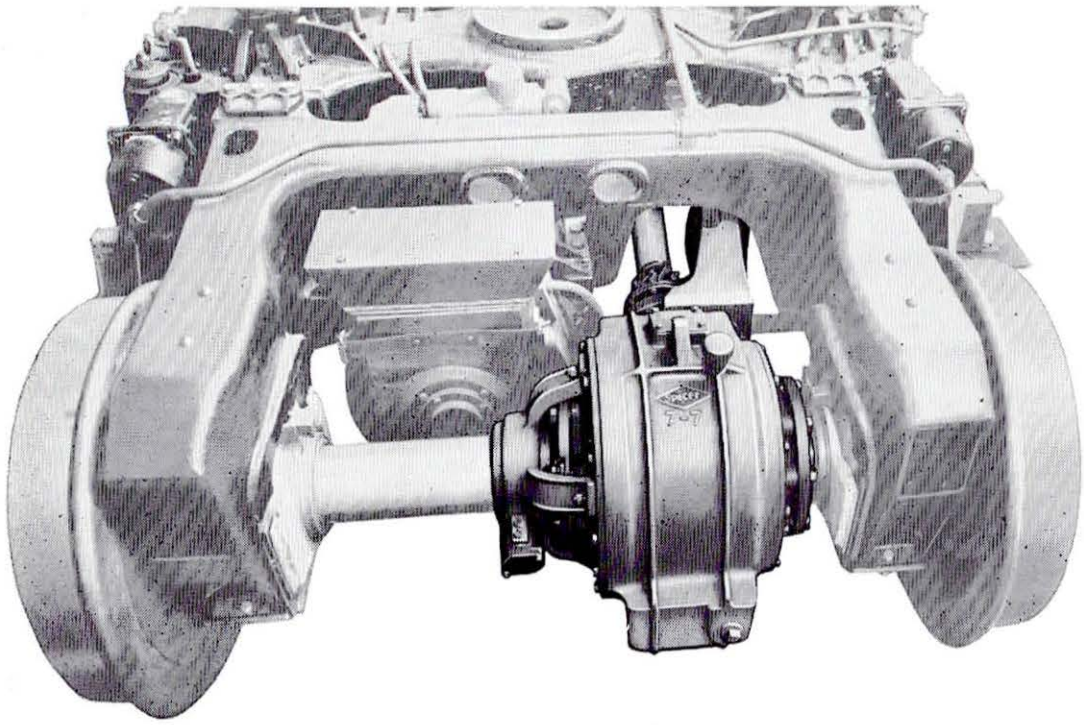
● **May goad the states.** Most L&T lawyers feel the bill is constitutionally sound under the federal commerce power but, as SP's R. L. Pierce notes, "I am not sanguine about its passing. Nevertheless, it may serve as a goad to the states to set their own houses in order."

At another level, L&T men face a mostly hostile front. With the exception of some states in the East, newspapers, operating with almost no information from railroad L&T men (the L&T men feel they cannot afford to alienate the conscientious state and local tax assessors who are working diligently to reduce the degree of discrimination in railroad taxation) are running quite lopsided stories in states where railroad lawsuits for reduction of assessment to prevailing levels are pressed.

The old reluctance to speak out may be relaxed in the months ahead as pressure and activity mount in the field of ad valorem taxation against the discrimination that costs railroads millions of dollars a year.

● **Not a simple job.** It won't be easy: Practically every L&T man in the country feels as IC's John Belt felt when he told the Southeastern Association of Tax Administrators' property tax meeting at Little Rock, Ark., last month, "I much prefer to reach a solution in the tax field by negotiations across the conference table. Much has been accomplished in this manner in the past few years."

But he and his audience were aware of how much yet needs doing to get this multi-million-dollar millstone from around the carriers' necks. Railroads, while preferring persuasion and education, will probably turn to litigation and to Congress for redress if state equalization is not forthcoming.



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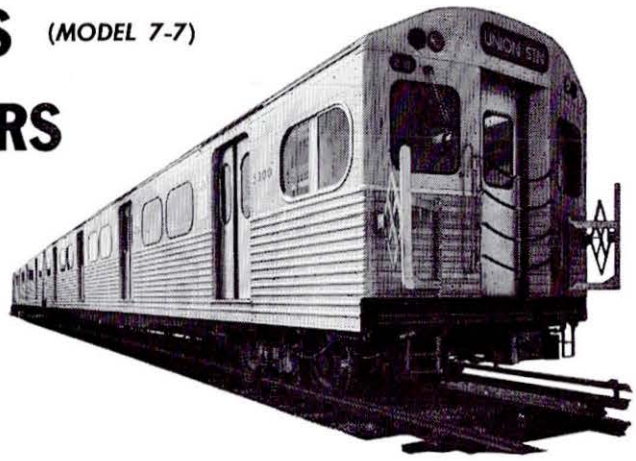

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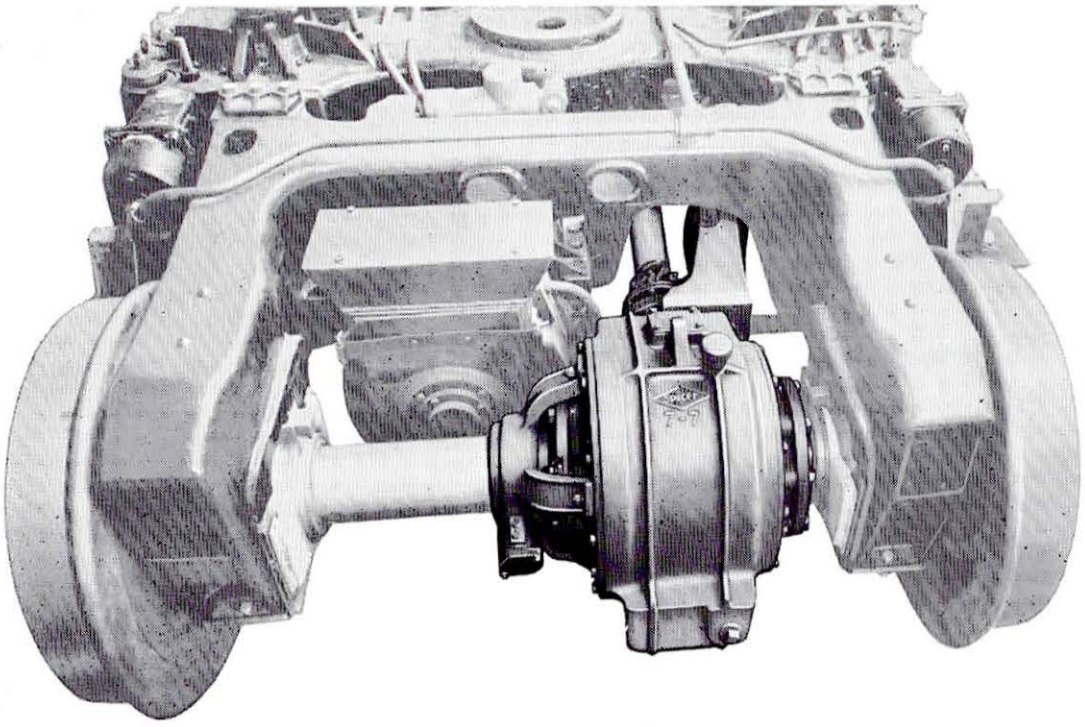
Railway Age Service Page

REVENUES AND EXPENSES OF RAILWAYS

(Dollar figures are stated in thousands: i.e., with last three digits omitted)

Third Quarter and Nine Months' Figures of Calendar Year 1963

Name of Road		Average mileage operated during period	Operating Revenues: Freight	Pass.	Total (inc. misc.) 1963	1962	Operating Expenses: Maint. Way and Structures: Total 1963	Total 1962	Deprec. and Retirements	Maint. Equipment: Total 1963	Total 1962	Deprec. and Retirements	Traffic	Transportation	Total 1963	Total 1962	Operating ratio 1963	1962	Net from railway operation	Railway tax accruals	Net Railway operating income 1963	1962
Akron, Canton & Youngstown	3 mos.	171	1,496	....	1,532	1,402	175	181	17	261	258	48	112	513	1,190	1,180	77.7	84.1	342	151	99	—12
	9 mos.	171	4,562	....	4,680	4,485	476	507	52	818	745	144	342	1,551	3,573	3,555	76.3	79.3	1,107	488	254	140
Atchison, Topeka & Santa Fe	3 mos.	12,947	126,830	11,991	154,567	148,732	25,059	22,517	3,913	33,900	31,373	8,818	4,385	57,601	129,578	124,966	83.8	84.0	24,989	9,925	13,523	15,047
	9 mos.	12,974	382,534	31,012	458,819	449,991	66,015	61,475	9,215	98,471	96,731	25,143	13,524	168,705	371,558	364,228	81.0	80.9	87,261	40,477	43,569	33,614
Atlanta & St. Andrews Bay	3 mos.	81	775	....	797	838	77	109	11	85	76	24	22	218	459	498	57.6	59.4	338	121	92	89
	9 mos.	81	2,214	....	2,278	2,680	237	362	32	244	258	72	66	629	1,359	1,564	59.7	58.4	919	365	222	282
Atlanta & West Point	3 mos.	93	691	67	882	866	109	118	24	165	142	39	53	377	767	768	87.0	88.7	114	49	1	—50
	9 mos.	93	1,991	181	2,543	2,583	315	340	74	487	430	123	162	1,110	2,270	2,261	89.3	87.5	273	146	—117	—124
Western Ry. of Alabama	3 mos.	133	803	63	969	922	114	126	32	200	178	55	63	429	869	841	89.7	91.2	100	68	29	—17
	9 mos.	133	2,441	169	2,913	2,914	349	403	96	584	531	162	194	1,248	2,574	2,572	88.4	88.3	339	202	78	—16
Atlantic Coast Line	3 mos.	5,727	34,155	3,036	40,024	38,807	4,078	4,212	523	7,885	7,404	2,196	1,759	16,903	32,866	31,425	82.1	81.0	7,159	2,650	2,709	3,950
	9 mos.	5,728	111,091	12,028	132,359	127,356	13,779	14,522	1,718	23,436	23,469	6,618	5,524	53,471	103,596	99,497	78.3	78.1	28,762	10,425	10,893	9,732
Baltimore & Ohio	3 mos.	5,861	83,522	2,961	93,163	89,933	13,376	11,753	1,674	15,825	14,423	2,638	2,546	35,759	72,598	69,438	77.9	77.2	20,565	6,566	3,948	2,957
	9 mos.	5,864	249,726	8,975	278,424	274,291	36,518	32,897	5,485	47,622	49,166	8,234	7,413	111,352	217,660	215,866	78.2	78.7	60,764	19,518	12,819	7,563
Staten Island Rapid Transit	3 mos.	28	426	319	765	760	170	135	55	94	113	4	6	456	1,171	804	106.1	105.7	—46	170	—265	—274
	9 mos.	28	1,309	957	2,319	2,475	455	435	144	274	310	11	19	1,359	2,358	2,400	101.7	96.9	—39	194	—691	—617
Bangor & Aroostook	3 mos.	567	2,076	84	2,286	2,051	505	460	65	849	849	337	77	827	2,467	2,391	107.9	116.6	—182	318	144	515
	9 mos.	567	9,638	199	10,194	9,766	2,377	2,219	196	2,619	2,662	990	226	3,202	9,059	8,837	88.9	90.5	1,135	847	1,225	1,179
Bessemer & Lake Erie	3 mos.	202	5,473	....	5,532	5,240	685	785	100	1,750	1,789	359	136	1,243	4,301	4,324	77.8	82.5	1,230	1,651	1,084	925
	9 mos.	202	14,984	....	15,262	13,931	1,873	2,251	291	4,461	6,171	1,083	391	3,618	11,757	13,482	77.0	96.8	3,505	4,724	2,880	1,683
Boston & Maine	3 mos.	1,531	12,340	1,259	15,143	15,545	1,549	1,540	420	1,925	2,255	695	320	6,948	11,452	11,910	75.6	76.6	3,691	1,192	1,146	876
	9 mos.	1,531	39,211	3,663	47,670	48,263	4,931	4,978	1,220	6,628	6,731	2,067	1,019	21,936	36,744	36,855	77.1	76.4	10,925	3,627	2,465	2,641
CPR Lines in Maine	3 mos.	234	795	137	991	1,012	297	277	59	168	190	54	45	358	961	979	97.0	96.7	30	89	—241	—208
	9 mos.	234	4,579	313	5,091	5,017	915	851	176	685	768	164	133	1,309	3,351	3,403	65.8	67.8	1,741	268	767	722
Carolina & Northwestern	3 mos.	284	779	....	811	822	119	128	23	116	96	81	15	254	541	516	66.8	62.7	270	45	74	109
	9 mos.	284	2,440	....	2,531	2,572	339	353	69	313	292	207	46	717	1,528	1,518	60.4	59.0	1,003	233	306	396
Central of Georgia	3 mos.	1,744	10,146	366	10,954	10,294	1,786	1,912	128	2,396	2,040	630	504	4,538	10,369	9,521	94.7	92.5	586	800	—299	—118
	9 mos.	1,744	30,945	1,069	33,611	32,692	5,459	5,777	406	6,607	6,002	1,868	1,532	13,415	29,497	28,728	87.8	87.9	4,113	2,376	1,001	1,121
Central R. R. of New Jersey	3 mos.	576	9,752	1,335	12,216	12,780	1,482	1,693	288	2,024	1,863	289	243	6,429	10,811	11,052	88.5	86.5	1,405	1,381	—723	—982
	9 mos.	576	30,235	4,034	37,949	38,814	4,426	4,598	863	5,935	6,412	354	688	19,661	32,621	33,123	86.0	85.3	5,329	4,210	—1,889	—2,035
Central Vermont	3 mos.	382	2,027	167	2,392	2,390	521	1,040	53	300	309	25	43	1,006	1,951	2,514	81.6	105.2	441	163	—49	—616
	9 mos.	382	6,283	418	7,243	7,414	1,523	2,165	159	924	998	77	139	2,921	5,767	6,612	79.6	89.2	1,476	479	10	—670
Chesapeake & Ohio	3 mos.	5,143	83,111	1,480	90,371	84,296	10,500	9,700	1,644	16,272	15,935	6,109	2,451	34,103	68,570	66,186	75.9	78.5	21,801	8,863	14,273	12,550
	9 mos.	5,144	247,913	4,234	266,044	253,668	31,700	30,200	4,586	48,638	50,605	18,255	7,295	101,830	205,630	202,328	77.3	79.8	60,414	27,118	38,626	33,382
Chicago & Eastern Illinois	3 mos.	862	8,086	505	9,414	8,424	1,130	1,079	100	1,413	1,334	493	337	3,662	7,105	6,797	75.5	80.7	2,309	586	666	187
	9 mos.	862	23,487	1,334	27,319	25,101	2,978	3,227	279	4,416	4,455	1,480	1,016	10,722	20,849	20,846	76.3	83.0	6,470	1,841	1,935	229
Chicago & Illinois Midland	3 mos.	121	2,135	....	2,195	2,133	205	214	72	398	490	83	94	507	1,347	1,490	61.4	69.9	848	435	350	162
	9 mos.	121	6,512	....	6,645	6,468	528	513	140	1,352	1,432	248	283	1,535	4,129	4,212	62.1	65.1	2,516	1,291	1,004	745
Chicago & North Western	3 mos.	10,448	48,320	4,533	55,394	36,897	9,053	6,861	1,302	9,087	7,261	3,354	1,760	21,912	44,577	34,307	80.5	93.0	10,816	3,932	3,416	—1,609
	9 mos.	10,463	143,245	13,254	164,231	143,883	26,364	24,425	3,743	27,976	25,767	10,134	5,427	66,264	134,672	125,625	82.0	87.3	29,559	11,660	7,151	—2,428
Chicago, Burlington & Quincy	3 mos.	8,546	52,520	5,973	65,254	65,226	9,748	9,837	1,286	11,784	12,031	3,741	2,009	26,507	53,228	52,942	81.6	81.2	12,026	4,719	6,035	3,571
	9 mos.	8,547	155,943	15,764	191,826	193,770	27,617	26,508	3,924	35,648	36,412	11,118	6,107	77,128	155,800	154,756	81.2	79.9	36,026	16,083	15,871	11,922
Chicago Great Western	3 mos.	1,459	7,101	15	7,573	7,844	1,133	1,272	146	1,243	1,218	385	376	2,852	5,898	5,985	77.9	76.3	1,675	542	320	450
	9 mos.	1,459	22,447	43	23,887	23,427	3,317	3,329	415	3,963	3,853	1,154	1,124	8,592	17,838	17,777	74.7	75.9	6,050	1,872	1,504	1,071
Chic., Milw., St. Paul & Pacific	3 mos.	10,540	47,134	3,794	57,525	62,036	8,111	7,973	1,347	8,983	9,313	2,704	1,579	23,154	45,670	46,634	79.4	75.2	11,855	4,578	3,164	4,886
	9 mos.	10,540	135,945	9,598	163,953	168,970	22,982	24,428	3,920	27,049	27,498	8,054	4,637	67,307	133,230	136,609	81.3	80.8	30,723	14,121	6,190	5,963
Chicago, Rock Island & Pacific	3 mos.	7,842	40,750	3,738	49,499	48,399	7,297	7,012	814	8,953	8,518	1,867	1,529	20,835	41,384	40,713	83.6	84.1	8,116	3,683	1,371	927
	9 mos.	7,842	124,595	10,935	150,449	151,051	20,317	19,908	2,436	26,591	26,346	5,902	4,621	62,855	122,849	122,605	81.7	81.2	27,600	11,493	4,845	4,736
Clinchfield	3 mos.	306	5,511	....	5,550	4,858	488	519	66	936	853	270	217	1,451	3,299	3,118	59.4	64.2	2,251	615	1,799	1,333
	9 mos.	306	16,128	....	16,226	15,418	1,514	1,627	197	2,572	2,633	556	652	4,314	9,671	9,635	59.6	62.5	6,555	1,870	5,210	4,613
Colorado & Southern	3 mos.	712	3,315	234	4,004	3,823	655	498	58	647	654	258	73	1,753	3,355	3,207	83.8	83.9	649	253	223	185
	9 mos.	712	9,577	558	11,508	11,385	1,572	1,435	158	1,971	2,164	774	245	4,911	8,388	9,590	81.6	84.2	2,120	913	925	762
Ft. Worth & Denver	3 mos.	1,037	3,971	419	5,039	5,438	745	758	118	679	802	127	190	2,271	4,281	4,578	85.0	84.2	758	165	49	—1
	9 mos.	1,037	12,049	1,041	15,057	16,103	2,333	2,243	334	2,036	2,253	391	579	7,041	13,133	13,732	87.2	85.3	1,923	246	—68	—217
Colorado & Wyoming	3 mos.	39	522	....	870	755	57	63	7	90	89	39	4	352	537	485	61.7	64.2	333	212	115	83
	9 mos.	39	1,627	....	2,603	3,095	166	177	20	268	282	117	13	1,061	1,610	1,649	61.8	53.3	993	626	358	530
Delaware & Hudson	3 mos.	763	9,403	311	9,936	9,751	1,245	1,085	198	1,981	2,100	524	314	3,584	7,315	7,972	78.7	81.8	2,121	1,616	938	679
	9 mos.	763	29,233	873	30,770	31,125	3,436	3,100	611	6,314	6,528	1,656	977	11,200	24,095	24,270	78.7	78.7	6,675	4,635	2,807	2,114
Denver & Rio Grande Western	3 mos.	2,128	17,559	1,023	19,272	19,559	2,020	1,954	304	2,828	2,905	1,084	770	6,367	13,174	13,035	68.4	66.6	6,098	2,843	3,098	3,213
	9 mos.	2,128	52,321	2,304	56,478	56,519	5,950	5,676	921	8,578	8,645	3,041	2,238	18,433	38,569	38,339	68.3	76.8	17,909	8,750	8,980	8,076
Detroit & Toledo Shore Line	3 mos.	50	1,408	....	1,567	1,412	138	192	11	243	208	84	62	564	1,060	1,052	67.6	74.5	507	155	177	44
	9 mos.	50	4,631	....	5,064	4,928	485	596	33	707	715	249	188	1,736	3,276	3,389	64.7	68.8	1,788	609	598	278
Detroit, Toledo & Ironton	3 mos.	464	4,875	....	5,180	4,646	575	588	72	1,411	1,200	455	202	1,634	4,167	3,769	80.5	81.1	1,012	376	541	469
	9 mos.	464	16,201	....	17,016	15,152	1,921	1,889	210	3,998	3,481	1,428	623	4,978	12,523	11,372	73.6	75.1	4,493	1,134	2,912	2,577
Duluth, Missabe & Iron Range	3 mos.	524	12,147	....	13,594	14,610	1,102	1,690	349	1,238	1,572	599	29	3,080	6,044	7,557	44.5	51.7	7,550	2,569	5,165	4,223
	9 mos.	526	20,672	....	23,143	26,656	3,129	4,888	868	3,797	5,019	1,812	90	6,844	15,711	20,220	67.9	75.9	7,432	3,555	4,047	2,322
Duluth, Winnipeg & Pacific	3 mos.	174	1,523	....	1,528	1,374	493	526	18	150	146	3	—	524	1,203	1,243	78.7	90.5	325	137	—45	—248
	9 mos.	174	4,688	....	4,696	4,098	972	1,065	49	432	414	10	1	1,533	3,051	3,147	65.0	76.8	1,645	420	479	—213
Elgin, Joliet & Eastern	3 mos.	205	7,881	....	13,581	9,141	1,044	1,015	95	1,684	1,969	335	166	3,986	7,990	7,682	75.5	84.0	2,591	1,149	1,408	282
	9 mos.	205	25,994	....	34,819	32,658	2,976	2,969	288	5,414	7,410	742	480	12,639	24,587	26,511	70.6	81.2	10,232	5,063	4,729	1,079



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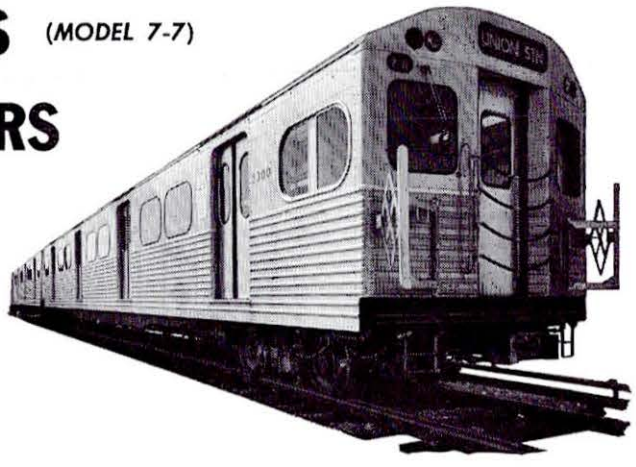

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What's Piggybacking USA? It's moving more than a million truck-trailer loads a year through searing heat and numbing cold. It's carrying over two million new automobiles to dealer showrooms to meet the car buying demands of the American public. It's providing a new system of distribution that links the economies of rail transportation with the mobility of over-the-road truck-trailer pick-up and delivery.

Equipment has to be tough to take the punishment of around the clock, every day, all year, piggyback service. Also, equipment has to be versatile to accept the different lengths and types of truck-trailers or the various designs of tri-level and bi-level auto racks. That's why Trailer Train has selected Pullman-Standard as a major supplier of piggyback equipment. Trailer Train knows from experience that Pullman-Standard flat cars, like the PS-4PB, will stand up to the rugged service demands of its member roads.

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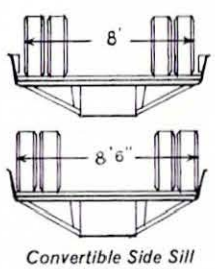
For an illustrated brochure on the new 89' PS-4PB Flat Car contact your nearest Pullman-Standard sales office or write George L. Green, Vice President—Marketing.



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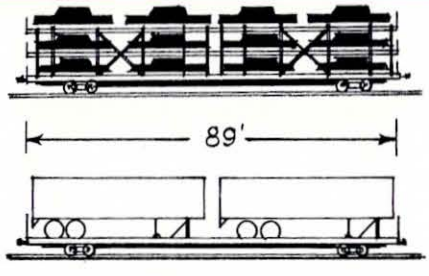

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TRAILER 'N TRAIN

Railway Age Service Page

REVENUES AND EXPENSES OF RAILWAYS

(Dollar figures are stated in thousands: i.e., with last three digits omitted)

Third Quarter and Nine Months' Figures of Calendar Year 1963

Name of Road		Average mileage operated during period	Operating Revenues: Freight	Pass.	Total (inc. misc.) 1963	Total (inc. misc.) 1962	Operating Expenses: Maint. Way and Structures: Total 1963	Total 1962	Deprec. and Retirements	Maint. Equipment: Total 1963	Total 1962	Deprec. and Retirements	Traffic	Transportation	Total 1963	Total 1962	Operating ratio 1963	Operating ratio 1962	Net from railway operation	Railway tax accruals	Net Railway operating income 1963	Net Railway operating income 1962
Akron, Canton & Youngstown	3 mos.	171	1,496	....	1,532	1,402	175	181	17	261	258	48	112	513	1,190	1,180	77.7	84.1	342	151	99	—12
	9 mos.	171	4,562	....	4,680	4,485	476	507	52	818	745	144	342	1,551	3,573	3,555	76.3	79.3	1,107	488	254	140
Atchison, Topeka & Santa Fe	3 mos.	12,947	126,830	11,991	154,567	148,732	25,059	22,517	3,913	33,900	31,373	8,818	4,385	57,601	129,578	124,966	83.8	84.0	24,989	9,925	13,523	15 047
	9 mos.	12,974	382,534	31,012	458,819	449,991	66,015	61,475	9,215	98,471	96,731	25,143	13,524	168,705	371,558	364,228	81.0	80.9	87,261	40,477	43,569	33,614
Atlanta & St. Andrews Bay	3 mos.	81	775	....	797	838	77	109	11	85	76	24	22	218	459	498	57.6	59.4	338	121	92	89
	9 mos.	81	2,214	....	2,278	2,680	237	362	32	244	258	72	66	629	1,359	1,564	59.7	58.4	919	365	222	282
Atlanta & West Point	3 mos.	93	691	67	882	866	109	118	24	165	142	39	53	377	767	768	87.0	88.7	114	49	1	—50
	9 mos.	93	1,991	181	2,543	2,583	315	340	74	487	430	123	162	1,110	2,270	2,261	89.3	87.5	273	146	—117	—124
Western Ry. of Alabama	3 mos.	133	803	63	969	922	114	126	32	200	178	55	63	429	869	841	89.7	91.2	100	68	29	—17
	9 mos.	133	2,441	169	2,913	2,914	349	403	96	584	531	162	194	1,248	2,574	2,572	88.4	88.3	339	202	78	—16
Atlantic Coast Line	3 mos.	5,727	34,155	3,036	40,024	38,807	4,078	4,212	523	7,885	7,404	2,196	1,759	16,903	32,866	31,425	82.1	81.0	7,159	2,650	2,709	3,950
	9 mos.	5,728	111,091	12,028	132,359	127,356	13,779	14,522	1,718	23,436	23,469	6,618	5,524	53,471	103,596	99,497	78.3	78.1	28,762	10,425	10,893	9,732
Baltimore & Ohio	3 mos.	5,861	83,522	2,961	93,163	89,933	13,376	11,753	1,674	15,825	14,423	2,638	2,546	35,759	72,598	69,438	77.9	77.2	20,565	6,566	3,948	2,957
	9 mos.	5,864	249,726	8,975	278,424	274,291	36,518	32,897	5,485	47,622	49,166	8,234	7,413	111,352	217,660	215,866	78.2	78.7	60,764	19,518	12,819	7,563
Staten Island Rapid Transit	3 mos.	28	426	319	765	760	170	135	55	94	113	4	6	456	811	804	106.0	105.7	—46	170	—265	—274
	9 mos.	28	1,309	957	2,319	2,475	455	435	144	274	310	11	19	1,359	2,358	2,400	101.7	96.9	—39	494	—691	—617
Bangor & Aroostook	3 mos.	567	2,076	84	2,286	2,051	505	460	65	849	849	337	77	827	2,467	2,391	107.9	116.6	—182	318	144	515
	9 mos.	567	9,638	199	10,194	9,766	2,377	2,219	196	2,619	2,662	990	226	3,202	9,059	8,837	88.9	90.5	1,135	847	1,225	1,179
Bessemer & Lake Erie	3 mos.	202	5,473	....	5,532	5,240	685	785	100	1,750	1,789	359	136	1,243	4,301	4,324	77.8	82.5	1,230	1,651	1,084	925
	9 mos.	202	14,984	....	15,262	13,931	1,873	2,251	291	4,461	6,171	1,083	391	3,618	11,757	13,482	77.0	96.8	3,505	4,724	2,880	1,683
Boston & Maine	3 mos.	1,531	12,340	1,259	15,143	15,545	1,549	1,540	420	1,925	2,255	695	320	6,948	11,452	11,910	75.6	76.6	3,691	1,192	1,146	876
	9 mos.	1,531	39,211	3,663	47,670	48,263	4,931	4,978	1,220	6,628	6,731	2,067	1,019	21,936	36,744	36,855	77.1	76.4	10,925	3,627	2,465	2,641
CPR Lines in Maine	3 mos.	234	795	137	991	1,012	297	277	59	168	190	54	45	358	961	979	97.0	96.7	30	89	—241	—208
	9 mos.	234	4,579	313	5,091	5,017	915	851	176	685	768	164	133	1,309	3,351	3,403	65.8	67.8	1,741	268	767	722
Carolina & Northwestern	3 mos.	284	779	....	811	822	119	128	23	116	96	81	15	254	541	516	66.8	62.7	270	45	74	109
	9 mos.	284	2,440	....	2,531	2,572	339	353	69	313	292	207	46	717	1,528	1,518	60.4	59.0	1,003	233	306	396
Central of Georgia	3 mos.	1,744	10,146	366	10,954	10,294	1,786	1,912	128	2,396	2,040	630	504	4,538	10,369	9,521	94.7	92.5	586	800	—299	—118
	9 mos.	1,744	30,945	1,069	33,611	32,692	5,459	5,777	406	6,607	6,002	1,868	1,532	13,415	29,497	28,728	87.8	87.9	4,113	2,376	1,001	1,121
Central R. R. of New Jersey	3 mos.	576	9,752	1,335	12,216	12,780	1,482	1,693	288	2,024	1,863	289	243	6,429	10,811	11,052	88.5	86.5	1,405	1,381	—723	—982
	9 mos.	576	30,235	4,034	37,949	38,814	4,426	4,598	863	5,935	6,412	354	688	19,661	32,621	33,123	86.0	85.3	5,329	4,210	—1,889	—2,035
Central Vermont	3 mos.	382	2,027	167	2,392	2,390	521	1,040	53	300	309	25	43	1,006	1,951	2,514	81.6	105.2	441	163	—49	—616
	9 mos.	382	6,283	418	7,243	7,414	1,523	2,165	159	924	998	77	139	2,921	5,767	6,612	79.6	89.2	1,476	479	10	—670
Chesapeake & Ohio	3 mos.	5,143	83,111	1,480	90,371	84,296	10,500	9,700	1,644	16,272	15,935	6,109	2,451	34,103	68,570	66,186	75.9	78.5	21,801	8,863	14,273	12,550
	9 mos.	5,144	247,913	4,234	266,044	253,668	31,700	30,200	4,586	48,638	50,605	18,255	7,295	101,830	205,630	202,328	77.3	79.8	60,414	27,118	38,626	33,382
Chicago & Eastern Illinois	3 mos.	862	8,086	505	9,414	8,424	1,130	1,079	100	1,413	1,334	493	337	3,662	7,105	6,797	75.5	80.7	2,309	586	666	187
	9 mos.	862	23,487	1,334	27,319	25,101	2,978	3,227	279	4,416	4,455	1,480	1,016	10,722	20,849	20,846	76.3	83.0	6,470	1,841	1,935	229
Chicago & Illinois Midland	3 mos.	121	2,135	....	2,195	2,133	205	214	72	398	490	83	94	507	1,347	1,490	61.4	69.9	848	435	350	162
	9 mos.	121	6,512	....	6,645	6,468	528	513	140	1,352	1,432	248	283	1,535	4,129	4,212	62.1	65.1	2,516	1,291	1,004	745
Chicago & North Western	3 mos.	10,448	48,320	4,533	55,394	36,897	9,053	6,861	1,302	9,087	7,261	3,354	1,760	21,912	44,577	34,307	80.5	93.0	10,816	3,932	3,416	—1,609
	9 mos.	10,463	143,245	13,254	164,231	143,883	26,364	24,425	3,743	27,976	25,767	10,134	5,427	66,264	134,672	125,625	82.0	87.3	29,559	11,660	7,151	—2,428
Chicago, Burlington & Quincy	3 mos.	8,546	52,520	5,973	65,254	65,226	9,748	9,837	1,286	11,784	12,031	3,741	2,009	26,507	53,228	52,942	81.6	81.2	12,026	4,719	6,035	3,571
	9 mos.	8,547	155,943	15,764	191,826	193,770	27,617	26,508	3,924	35,648	36,412	11,118	6,107	77,128	155,800	154,756	81.2	79.9	36,026	16,083	15,871	11,922
Chicago Great Western	3 mos.	1,459	7,101	15	7,573	7,844	1,133	1,272	146	1,243	1,218	385	376	2,852	5,898	5,985	77.9	76.3	1,675	542	320	450
	9 mos.	1,459	22,447	43	23,887	23,427	3,317	3,329	415	3,963	3,853	1,154	1,124	8,592	17,838	17,777	74.7	75.9	6,050	1,872	1,504	1,071
Chic., Milw., St. Paul & Pacific	3 mos.	10,540	47,134	3,794	57,525	62,036	8,111	7,973	1,347	8,983	9,313	2,704	1,579	23,154	45,670	46,634	79.4	75.2	11,855	4,578	3,164	4,886
	9 mos.	10,540	135,945	9,598	163,953	168,970	22,982	24,428	3,920	27,049	27,498	8,054	4,637	67,307	133,230	136,609	81.3	80.8	30,723	14,121	6,190	5,963
Chicago, Rock Island & Pacific	3 mos.	7,842	40,750	3,738	49,499	48,399	7,297	7,012	814	8,953	8,518	1,867	1,529	20,835	41,384	40,713	83.6	84.1	8,116	3,683	1,371	927
	9 mos.	7,842	124,595	10,935	150,449	151,051	20,317	19,908	2,436	26,591	26,346	5,902	4,621	62,855	122,849	122,605	81.7	81.2	27,600	11,493	4,845	4,736
Clinchfield	3 mos.	306	5,511	....	5,550	4,858	488	519	66	936	853	270	217	1,451	3,299	3,118	59.4	64.2	2,251	615	1,799	1,333
	9 mos.	306	16,128	....	16,226	15,418	1,514	1,627	197	2,572	2,633	556	652	4,314	9,671	9,635	59.6	62.5	6,555	1,870	5,210	4,613
Colorado & Southern	3 mos.	712	3,315	234	4,004	3,823	655	498	58	647	654	258	73	1,753	3,355	3,207	83.8	83.9	649	253	223	185
	9 mos.	712	9,577	558	11,508	11,385	1,572	1,435	158	1,971	2,164	774	245	4,911	8,388	9,590	81.6	84.2	2,120	913	925	762
Ft. Worth & Denver	3 mos.	1,037	3,971	419	5,039	5,438	745	758	118	679	802	127	190	2,271	4,281	4,578	85.0	84.2	758	165	49	—1
	9 mos.	1,037	12,049	1,041	15,057	16,103	2,333	2,243	334	2,036	2,253	391	579	7,041	13,133	13,732	87.2	85.3	1,923	246	—68	—217
Colorado & Wyoming	3 mos.	39	522	....	870	755	57	63	7	90	89	39	4	352	537	485	61.7	64.2	333	212	115	83
	9 mos.	39	1,627	....	2,603	3,095	166	177	20	268	282	117	13	1,061	1,610	1,649	61.8	53.3	993	626	358	530
Delaware & Hudson	3 mos.	763	9,403	311	9,936	9,751	1,245	1,085	198	1,981	2,100	524	314	3,584	7,815	7,972	78.7	81.8	2,121	1,616	938	679
	9 mos.	763	29,233	873	30,770	31,125	3,436	3,100	611	6,314	6,528	1,656	977	11,200	24,095	24,510	78.3	78.7	6,675	4,635	2,807	2,114
Denver & Rio Grande Western	3 mos.	2,128	17,559	1,023	19,272	19,559	2,020	1,954	304	2,828	2,905	1,084	770	6,367	13,174	13,035	68.4	66.6	6,098	2,843	3,098	3,213
	9 mos.	2,128	52,321	2,304	56,478	56,519	5,950	5,676	921	8,578	8,645	3,041	2,238	18,433	38,569	38,339	68.3	76.8	17,909	8,750	8,980	8,076
Detroit & Toledo Shore Line	3 mos.	50	1,408	....	1,567	1,412	138	192	11	243	208	84	62	564	1,060	1,052	67.6	74.5	507	155	177	44
	9 mos.	50	4,631	....	5,064	4,928	485	596	33	707	715	249	188	1,736	3,276	3,389	64.7	68.8	1,788	609	598	278
Detroit, Toledo & Ironton	3 mos.	464	4,875	....	5 180	4,646	575	588	72	1,411	1,200	455	202	1,634	4,167	3,769	80.5	81.1	1,012	376	541	469
	9 mos.	464	16,291	....	17,016	15,152	1,921	1,889	210	3,998	3,481	1,428	623	4,978	12,523	11,372	73.6	75.1	4,493	1,134	2,912	2,577
Duluth, Missabe & Iron Range	3 mos.	524	12,147	....	13,594	14,610	1,102	1,690	349	1,238	1,572	599	29	3,080	6,044	7,557	44.5	51.7	7,550	2,569	5,165	4,223
	9 mos.	526	20,672	....	23,143	26,656	3,129	4,888	868	3,797	5,019	1,812	90	6,844	15,711	20,220	67.9	75.9	7,432	3,555	4,047	2,322
Duluth, Winnipeg & Pacific	3 mos.	174	1,523	....	1,528	1,374	493	526	18	150	146	3	—	524	1,203	1,243	78.7	90.5	325	137	—45	—248
	9 mos.	174	4,688	....	4,696	4,098	972	1,065	49	432	414	10	1	1,533	3,051	3,147	65.0	76.8	1,645	420	479	—213
Elgin, Joliet & Eastern	3 mos.	205	7,881	....	10,581	9,141	1,044	1,015	95	1,684	1,969	335	166	3,986	7,990	7,682	75.5	84.0	2,591	1,149	1,408	282
	9 mos.	205	25,994	....	34,819	32,658	2,976	2,969	288	5,414	7,410	742	480	12,639	24,587	26,511	70.6	81.2	10,232	5,063	4,729	1,079

(Dollar figures are stated in thousands: i.e., with last three digits omitted)

Third Quarter and Nine Months' Figures of Calendar Year 1963

Name of Road		Average mileage operated during period	Operating Revenues: Freight	Pass.	Total (inc. misc.) 1963	Total (inc. misc.) 1962	Operating Expenses: Maint. Way and Structures: Total 1963	Total 1962	Deprec. and Retirements	Maint. Equipment: Total 1963	Total 1962	Deprec. and Retirements	Traffic	Transportation	Total 1963	Total 1962	Operating ratio 1963	Operating ratio 1962	Net from railway operation	Railway tax accruals	Net Railway operating income 1963	Net Railway operating income 1962
Erie-Lackawanna	3 mos.	3,003	39,805	3,520	48,884	50,549	5,645	5,210	1,389	8,972	9,251	2,082	1,300	25,854	44,578	45,712	91.2	90.4	4,306	4,681	—4,449	—3,994
	9 mos.	3,021	125,637	10,751	152,924	157,637	16,500	15,644	3,699	28,138	28,878	6,528	3,939	79,607	135,664	139,592	89.4	88.6	16,260	13,786	—10,315	—8,583
Florida East Coast	3 mos.	572	3,210	....	3,244	5,586	505	687	153	962	1,080	344	173	918	2,888	4,871	89.0	87.2	356	327	—144	—10
	9 mos.	572	8,483	371	9,190	21,940	1,372	2,660	540	2,273	3,824	1,044	536	2,898	8,116	17,837	88.3	81.3	1,075	1,072	—718	347
Georgia Railroad	3 mos.	321	1,757	59	2,075	1,983	266	271	28	376	329	105	128	867	1,751	1,722	84.4	86.9	324	123	172	66
	9 mos.	321	5,185	141	6,108	5,901	738	803	78	1,124	1,019	307	387	2,591	5,194	5,166	85.0	87.5	914	365	375	173
Georgia & Florida	3 mos.	321	313	....	319	873	200	172	—	29	131	—	38	100	420	704	131.6	80.6	—101	20	—149	20
	9 mos.	321	1,420	....	1,454	2,610	463	603	21	307	439	61	128	584	1,620	2,311	111.4	88.5	—166	113	—455	—173
Grand Trunk Western	3 mos.	946	10,880	764	12,675	12,322	1,723	1,795	142	1,888	1,877	203	313	6,417	11,079	11,218	87.4	91.0	1,596	1,167	—1,571	—1,683
	9 mos.	946	36,441	1,908	41,531	39,703	5,561	5,499	488	6,270	6,359	643	924	19,183	34,148	34,148	82.2	86.0	7,383	3,503	—1,444	—2,368
Great Northern	3 mos.	8,261	63,139	2,926	71,270	68,850	12,064	11,172	996	10,263	11,451	2,906	1,623	23,609	50,872	51,161	71.4	74.3	20,398	8,330	10,324	9,181
	9 mos.	8,262	159,423	7,369	179,700	176,720	29,002	29,340	3,043	30,257	32,576	8,409	4,736	66,450	139,517	141,373	77.6	80.0	40,184	19,107	18,590	15,464
Green Bay & Western	3 mos.	219	1,045	....	1,089	1,103	132	187	14	129	159	27	83	314	723	878	66.4	79.7	366	153	92	—9
	9 mos.	219	3,104	....	3,210	3,169	315	437	49	428	475	81	249	937	2,135	2,449	66.5	77.2	1,075	460	287	56
Gulf, Mobile & Ohio	3 mos.	2,746	16,575	663	18,551	18,811	2,613	2,478	241	3,585	3,740	973	793	6,769	14,699	14,668	79.2	78.0	3,852	1,275	1,518	1,213
	9 mos.	2,746	51,243	1,927	57,416	57,194	7,358	7,250	725	11,244	11,266	2,845	2,344	20,356	44,143	43,883	76.9	76.7	13,273	4,299	5,394	4,026
Illinois Central	3 mos.	6,461	53,205	5,786	65,633	64,753	9,619	8,685	1,459	11,951	11,420	3,038	1,843	26,148	52,735	50,948	80.3	78.7	12,898	4,811	5,749	3,913
	9 mos.	6,460	162,903	16,710	200,846	196,116	27,285	26,370	3,905	36,907	36,239	8,961	5,648	79,625	159,359	156,118	79.3	79.6	41,487	17,100	16,207	10,694
Illinois Terminal	3 mos.	339	2,121	....	2,432	2,353	247	248	9	362	379	77	116	960	1,855	1,839	76.3	78.2	577	33	188	—20
	9 mos.	339	6,050	....	6,868	6,717	741	732	28	1,083	1,088	230	355	2,759	5,423	5,353	79.0	79.7	1,445	335	252	—6
Kansas City Southern	3 mos.	894	9,565	307	10,973	10,528	1,089	820	154	1,470	1,287	436	294	3,501	6,746	6,265	61.5	59.5	4,226	1,306	2,098	1,937
	9 mos.	894	29,553	796	33,730	33,352	2,956	2,302	461	4,379	4,172	1,262	884	10,659	20,007	19,114	59.3	57.3	13,723	4,794	6,128	5,491
Kansas, Oklahoma & Gulf	3 mos.	221	1,100	....	1,106	942	102	75	12	120	92	37	90	334	722	628	65.3	66.6	384	186	96	110
	9 mos.	221	3,029	....	3,046	2,961	274	252	37	312	304	110	270	956	2,046	1,990	67.1	67.2	1,001	493	203	247
Lake Superior & Ishpeming	3 mos.	158	1,615	....	2,063	1,811	207	204	39	242	251	119	5	453	988	933	47.9	51.5	1,075	629	464	331
	9 mos.	158	2,971	....	3,786	3,530	601	572	117	699	704	350	19	940	2,440	2,355	64.4	66.7	1,346	902	535	433
Lehigh & Hudson River	3 mos.	98	925	....	959	927	120	104	8	124	120	29	53	353	696	641	72.7	69.1	262	89	57	52
	9 mos.	98	2,839	....	2,973	2,753	361	295	24	362	356	79	161	1,091	2,114	1,956	71.1	71.0	859	315	139	121
Lehigh Valley	3 mos.	1,092	10,607	....	10,988	10,567	1,370	1,350	267	1,911	2,035	367	362	5,647	10,054	10,187	91.5	98.3	935	1,062	—755	—1,256
	9 mos.	1,094	32,759	1	33,904	33,979	4,134	4,292	809	6,050	6,546	1,490	1,078	17,189	30,766	31,331	90.7	92.2	3,138	3,372	—2,392	—2,799
Long Island	3 mos.	340	2,480	16,176	19,335	18,527	2,545	2,128	316	3,769	3,589	501	182	9,612	17,156	16,192	88.7	87.4	2,180	982	427	703
	9 mos.	340	7,833	46,691	56,354	54,192	7,418	6,850	903	11,354	10,358	1,503	509	28,481	50,657	48,024	89.9	88.6	5,697	2,902	712	1,822
Louisiana & Arkansas	3 mos.	746	5,712	131	6,149	6,142	708	505	58	797	730	288	240	2,026	4,013	3,741	65.3	60.9	2,136	954	673	711
	9 mos.	746	16,933	374	18,528	18,133	2,157	1,566	173	2,424	2,322	851	723	6,130	12,129	11,280	65.5	62.2	6,399	2,920	1,913	1,901
Louisville & Nashville	3 mos.	5,666	55,482	2,074	61,542	57,267	8,578	5,433	1,338	12,539	11,007	4,704	1,642	25,119	50,911	45,044	82.7	78.7	10,631	4,277	5,477	5,286
	9 mos.	5,663	168,910	5,713	186,659	175,313	22,734	20,701	3,080	35,941	33,554	14,486	5,069	74,531	147,520	138,932	79.0	79.2	39,139	15,106	20,508	15,142
Maine Central	3 mos.	937	4,768	5	5,088	5,242	1,011	952	84	944	977	239	79	1,909	4,251	4,280	83.6	81.7	837	395	297	407
	9 mos.	937	15,641	9	16,602	17,016	3,239	3,011	249	3,071	3,242	728	255	6,045	13,580	13,638	81.8	80.2	3,023	1,239	1,040	1,158
Minn., Northfield & Southern	3 mos.	77	909	....	959	976	92	73	9	112	115	40	111	258	667	656	68.8	67.2	303	178	84	98
	9 mos.	77	2,729	....	2,883	2,702	234	226	26	356	351	120	327	757	1,943	1,927	67.4	71.3	939	568	302	218
Missouri-Illinois	3 mos.	324	1,276	....	1,284	1,209	107	153	2	339	287	180	46	333	873	970	68.0	80.3	411	244	460	257
	9 mos.	324	3,655	....	3,680	3,893	325	396	16	904	927	504	132	1,041	2,540	2,817	69.0	72.4	1,140	692	1,230	627
M-K-T Lines	3 mos.	2,870	12,675	169	13,926	12,723	1,611	1,381	286	2,648	2,071	761	484	5,039	10,366	9,581	74.4	75.3	3,560	986	844	733
	9 mos.	2,871	36,269	497	39,948	38,881	4,666	4,399	849	7,335	6,700	2,285	1,479	14,630	29,996	29,437	75.1	75.7	9,951	2,981	2,110	1,647
Missouri Pacific	3 mos.	9,250	64,839	2,560	74,429	73,263	10,312	10,149	1,095	12,842	12,522	3,598	1,931	27,219	55,704	55,561	74.8	75.8	18,726	4,666	9,044	7,010
	9 mos.	9,283	196,416	6,750	224,272	223,256	30,202	30,149	3,314	37,647	38,519	10,583	5,654	81,372	164,861	166,576	73.5	74.6	59,410	14,606	28,550	22,772
Monon	3 mos.	541	4,516	74	4,866	4,570	682	620	62	777	829	225	280	1,731	3,778	3,836	77.6	83.9	1,088	292	544	162
	9 mos.	541	13,054	221	14,117	13,870	1,802	1,750	184	2,332	2,459	678	901	5,184	11,188	11,608	79.3	83.7	2,929	857	1,303	388
Monongahela	3 mos.	171	960	....	968	1,356	210	214	42	107	129	33	3	292	669	754	69.1	55.6	299	67	—28	227
	9 mos.	172	2,973	....	3,001	3,745	599	638	107	372	428	99	9	950	2,081	2,339	69.4	62.5	920	199	—88	208
New York Central	3 mos.	9,944	116,027	14,312	153,255	150,509	17,517	18,083	2,703	28,581	27,323	6,770	2,846	70,080	126,840	126,735	82.8	84.2	26,416	11,588	5,254	1,988
	9 mos.	9,958	352,513	42,494	461,600	466,900	54,064	53,633	9,256	84,859	89,295	20,503	8,483	216,369	387,689	395,495	84.0	84.7	73,911	37,232	8,485	5,514
Pittsburgh & Lake Erie	3 mos.	216	7,485	45	7,827	7,164	952	960	179	2,605	2,599	1,011	211	2,495	6,808	6,749	87.0	94.2	1,019	2,189	2,898	2,596
	9 mos.	216	21,406	146	22,694	22,418	2,966	3,236	550	7,655	9,722	2,816	667	7,631	20,615	23,266	90.8	103.8	2,079	5,824	8,756	6,728
New York, Chicago & St. Louis	3 mos.	2,170	31,692	107	33,192	32,547	3,548	3,415	467	4,668	5,046	892	986	14,054	24,834	24,901	74.8	76.5	8,358	2,793	3,724	3,756
	9 mos.	2,170	94,481	491	98,956	98,875	9,983	10,516	1,360	15,201	15,812	3,496	2,986	41,205	74,040	75,275	74.8	76.1	24,916	8,271	10,863	9,642
New York, New Haven & Hartford	3 mos.	1,652	14,917	10,035	29,485	30,369	4,019	4,017	787	5,216	5,797	1,119	594	15,068	27,149	27,982	92.1	92.1	2,337	2,488	—3,741	—3,086
	9 mos.	1,663	47,510	30,671	91,544	93,620	12,012	12,456	2,464	16,226	18,242	3,423	1,875	46,112	83,048	86,865	90.7	92.8	8,495	6,921	—8,641	—9,776
New York Connecting	3 mos.	21	996	....	1,064	809	304	223	76	42	47	....	....	234	591	500	55.6	61.8	473	304	72	—64
	9 mos.	21	2,695	....	2,910	2,791	726	634	228	127	150	....	....	716	1,604	1,503	55.1	53.8	1,305	882	138	204
New York, Sus. & Western	3 mos.	71	707	9	773	790	125	110	16	101	103	21	21	379	713	703	92.3	89.0	60	77	—128	—96
	9 mos.	71	2,270	31	2,480	2,600	397	355	51	283	342	65	73	1,124	2,149	2,218	86.7	85.3	331	233	—261	—214
Norfolk & Western	3 mos.	2,743	64,617	569	67,482	57,642	6,411	5,657	1,369	10,392	8,845	4,821	1,445	16,656	37,151	33,623	55.1	58.3	30,331	15,093	18,706	17,148
	9 mos.	2,745	188,914	1,621	197,241	187,690	18,737	17,752	3,623	30,374	28,612	14,001	3,977	50,492	109,943	105,127	55.7	56.0	87,298	43,632	53,098	48,264
Norfolk Southern	3 mos.	593	2,268	....	2,312	2,406	383	358	59	409	404	119	149	786	1,938	1,934	83.9	80.4	373	147	45	157
	9 mos.	593	6,546	....	6,656	7,058	1,225	1,243	172	1,217	1,163	358	447	2,279	5,784	5,907	86.9	83.7	872	447	18	372
Northern Pacific	3 mos.	6,795	43,384	1,881	48,547	47,268	10,038	7,016	1,345	9,129	8,411	2,692	1,208	18,210	41,448	38,078	85.4	80.6	7,099	4,655	2,804	4,914
	9 mos.	6,795	119,532	4,905	133,458	125,733	23,625	19,852	3,282	27,073	26,265	8,006	3,730	52,866	115,741	111,584	86.7	88.0	17,717	13,310	7,510	5,321
Northwestern Pacific	3 mos.	328	2,887	5	2,909	3,112	507	463	66	162	146	7	22	824	1,577	1,578	54.2	50.7	1,332	496	218	334
	9 mos.	328	8,468	11	8,528	8,997	1,513	1,463	171	488	408	21	66	2,415	4,683	4,592	54.9	51.0	3,845	1,453	669	978

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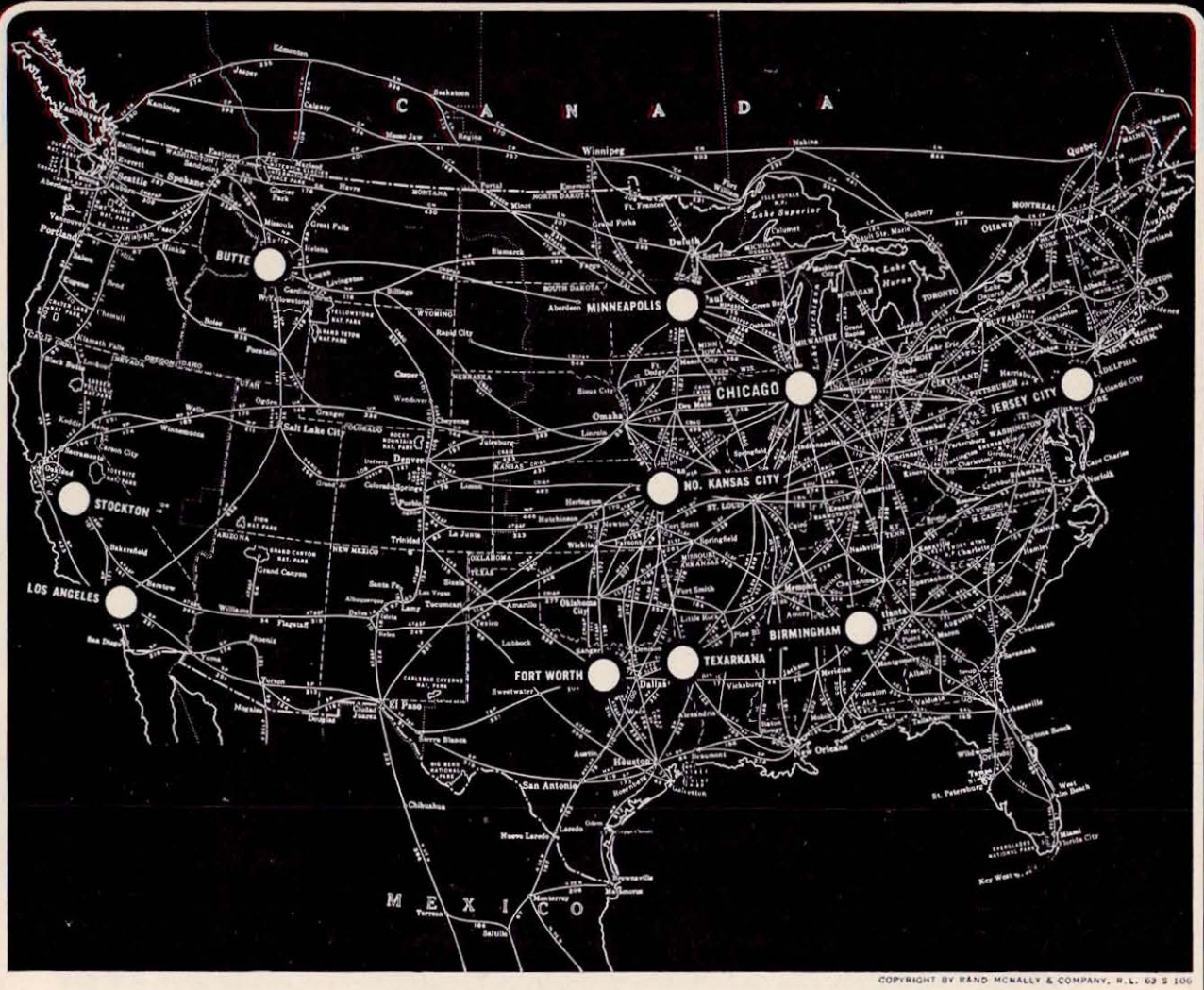
Railway Age Service Page

REVENUES AND EXPENSES OF RAILWAYS

(Dollar figures are stated in thousands; i.e., with last three digits omitted)

Third Quarter and Nine Months' Figures of Calendar Year 1963

Name of Road		Average mileage operated during period	Operating Revenues: Freight	Pass.	Total (inc. misc.) 1963	1962	Operating Expenses: Maint. Way and Structures: Total 1963	Total 1962	Deprec. and Retirements	Maint. Equipment: Total 1963	Total 1962	Deprec. and Retirements	Traffic	Transportation	Total 1963	Total 1962	Operating ratio 1963	1962	Net from railway operation	Railway tax accruals	Net Railway operating income 1963	1962
Pacific Electric	3 mos.	316	3,280	....	3,744	3,740	577	572	146	99	115	9	62	1,889	2,906	2,874	77.6	76.8	837	637	—486	—387
	9 mos.	317	10,102	....	11,485	11,552	1,573	1,650	291	346	358	29	186	5,512	8,453	8,422	73.6	72.9	3,032	1,807	—735	—709
Pennsylvania	3 mos.	9,756	160,637	21,790	208,920	212,241	20,159	20,744	4,537	38,338	40,147	8,526	3,171	94,506	168,419	170,550	80.6	80.4	40,501	15,085	6,703	6,499
	9 mos.	9,756	480,085	68,465	626,455	641,235	61,306	63,352	13,543	115,553	124,256	25,687	9,457	284,029	506,624	520,344	80.9	81.1	119,831	46,541	17,488	13,772
Penn-Reading Seashore Lines	3 mos.	341	1,745	291	2,183	2,050	416	444	70	383	342	75	14	1,394	2,349	2,355	107.6	114.9	—166	202	—838	—1,017
	9 mos.	341	4,943	514	5,800	5,648	1,319	1,470	202	1,085	970	226	38	4,074	6,938	6,968	119.6	123.4	—1,138	602	—3,066	—3,398
Piedmont & Northern	3 mos.	126	1,360	....	1,395	1,493	140	139	15	107	124	29	115	309	791	808	56.7	54.1	605	302	131	174
	9 mos.	126	4,150	....	4,264	4,355	419	427	45	331	343	87	345	930	2,371	2,354	55.6	54.0	1,893	973	427	511
Pittsburgh & West Virginia	3 mos.	132	1,685	....	1,694	1,502	275	363	75	305	326	112	126	552	1,398	1,497	82.5	99.7	297	116	76	—148
	9 mos.	132	4,824	....	4,852	4,944	873	1,051	226	885	1,033	342	389	1,610	4,189	4,568	86.3	92.4	663	353	61	—81
Quanah, Acme & Pacific	3 mos.	120	652	....	659	717	41	42	5	42	43	1	32	163	311	321	47.2	44.8	348	36	196	583
	9 mos.	120	2,132	....	1,151	2,238	138	144	17	127	146	2	96	474	924	989	43.0	44.2	1,227	393	482	910
Reading	3 mos.	1,283	20,771	1,331	23,563	24,325	3,553	3,576	588	4,971	4,905	1,025	566	10,709	21,417	21,572	90.9	88.7	2,146	1,749	—877	—68
	9 mos.	1,285	63,618	4,268	73,286	75,587	10,397	10,733	1,785	14,322	14,646	3,660	1,648	33,858	64,604	65,608	88.2	86.8	8,682	5,593	—765	1,226
Richmond, Fred. & Potomac	3 mos.	118	3,575	1,091	5,535	6,122	427	466	97	877	893	212	84	2,073	3,866	3,956	69.9	64.6	1,668	880	551	617
	9 mos.	118	11,927	3,518	18,325	19,151	1,485	1,430	289	2,716	2,863	628	265	6,573	12,433	12,312	67.8	64.3	5,893	3,008	1,947	1,942
Rutland	3 mos.	Became Class II effective January 1, 1963.																				
	9 mos.																					
St. Louis-San Francisco	3 mos.	4,544	27,146	513	29,829	28,357	4,075	4,406	578	4,775	4,518	1,733	1,094	12,164	24,278	23,474	81.4	82.8	5,551	1,987	2,540	1,642
	9 mos.	4,544	82,669	1,368	90,450	87,356	11,794	12,698	1,743	14,084	14,510	5,194	3,358	35,578	70,916	71,346	78.4	81.7	19,534	7,735	8,777	6,650
St. Louis, San Francisco & Texas	3 mos.	143	1,083	....	1,124	1,085	143	94	10	64	89	4	71	481	800	761	71.2	70.2	324	112	21	317
	9 mos.	143	3,509	....	3,634	3,510	358	363	36	196	242	12	212	1,458	2,338	2,361	64.3	67.3	1,296	433	252	472
St. Louis Southwestern	3 mos.	1,554	17,662	1	17,861	17,177	1,736	1,586	272	2,628	2,219	1,211	569	5,975	11,558	10,809	64.7	62.9	6,303	2,867	3,048	2,713
	9 mos.	1,554	55,927	1	56,544	54,400	4,945	4,840	729	7,517	6,722	3,224	1,686	17,835	33,895	32,660	60.0	60.0	22,650	10,058	10,550	9,181
San Diego & Arizona Eastern	3 mos.	136	631	....	653	697	94	80	13	20	16	1	4	184	327	304	50.1	43.6	326	176	52	132
	9 mos.	136	2,251	....	2,314	2,334	252	246	41	58	57	4	14	522	924	947	39.9	40.6	1,390	718	378	446
Savannah & Atlanta	3 mos.	168	1,174	....	1,197	1,211	94	173	6	148	204	70	42	348	652	862	54.5	67.5	545	349	157	94
	9 mos.	168	3,546	....	3,644	3,744	492	578	18	552	615	210	147	1,109	2,399	2,618	65.8	69.9	1,245	491	622	313
Seaboard Air Line	3 mos.	4,123	33,430	3,726	40,405	38,758	4,496	4,525	774	7,691	7,444	2,493	1,570	15,628	31,389	30,450	77.7	78.6	9,016	3,811	4,432	4,183
	9 mos.	4,123	108,196	11,517	130,228	123,527	17,232	16,210	2,135	23,608	23,128	7,273	4,744	48,436	100,155	95,318	76.9	77.2	30,073	12,899	13,123	11,397
Soo Line	3 mos.	4,673	22,709	235	24,190	23,479	3,621	2,875	327	3,482	3,145	914	680	8,552	17,295	16,650	71.5	70.9	6,895	1,613	3,549	3,673
	9 mos.	4,673	57,836	546	61,578	58,626	9,002	7,735	963	9,913	9,454	2,427	2,038	23,871	47,708	46,738	77.5	79.7	13,870	4,208	6,011	3,766
Southern Railway	3 mos.	6,274	61,791	2,615	69,325	65,199	7,642	7,730	1,245	12,474	11,740	3,651	1,808	22,476	48,353	46,417	69.7	71.2	20,972	7,770	10,639	9,898
	9 mos.	6,274	182,042	7,318	204,214	200,375	24,205	24,439	3,461	37,691	36,100	10,903	5,314	66,054	145,534	140,694	71.3	70.2	58,680	22,156	29,314	27,802
Alabama Great Southern	3 mos.	327	3,707	181	4,333	3,805	531	616	108	889	860	259	147	1,395	3,293	3,320	76.0	87.3	1,040	259	674	237
	9 mos.	327	10,582	445	12,331	11,443	1,737	2,010	340	2,714	2,698	759	431	4,384	10,293	10,331	83.5	90.3	2,038	734	987	182
Cinn., New Orleans & Tex. Pac.	3 mos.	337	8,627	265	9,597	8,972	1,256	1,330	240	2,551	2,453	865	287	2,890	7,596	7,202	79.2	80.3	2,001	790	1,543	1,606
	9 mos.	337	24,791	641	27,562	27,127	3,637	4,202	660	7,429	7,349	2,574	842	8,626	22,422	21,933	81.4	80.9	5,140	2,333	3,822	4,436
Georgia Southern & Florida	3 mos.	397	1,796	88	1,142	1,783	363	351	40	232	216	31	60	756	1,574	1,533	73.5	86.0	568	96	1	—228
	9 mos.	397	5,229	249	6,274	5,971	1,158	1,185	113	670	668	93	179	2,363	4,860	4,795	77.5	80.3	1,414	322	—265	—453
New Orleans & Northeastern	3 mos.	203	2,263	136	2,636	2,626	520	518	81	759	694	358	94	791	2,422	2,393	91.9	91.1	214	247	74	131
	9 mos.	203	6,835	343	7,833	7,918	1,568	1,669	238	2,231	2,126	1,002	278	2,475	7,332	7,154	93.6	90.3	501	737	—56	340
Southern Pacific	3 mos.	11,556	163,722	7,832	181,977	178,977	20,834	20,332	2,486	37,640	35,858	10,955	3,273	71,971	141,242	136,405	77.6	76.2	40,735	16,875	17,568	14,060
	9 mos.	11,710	476,987	19,781	526,857	526,878	59,587	60,043	6,548	109,796	104,484	32,410	9,289	201,821	402,788	395,909	76.6	75.3	124,059	53,600	54,021	45,428
Spokane International	3 mos.	150	758	....	788	825	142	144	16	33	57	27	11	227	448	456	56.9	55.3	339	142	122	136
	9 mos.	150	2,263	....	2,354	2,454	426	450	51	118	176	81	32	620	1,298	1,412	55.2	57.5	1,056	445	413	402
Spokane, Portland & Seattle	3 mos.	936	7,555	369	8,559	8,049	1,260	1,288	182	1,400	1,323	387	109	3,297	6,455	6,326	75.4	78.6	2,105	566	1,072	557
	9 mos.	936	22,755	831	25,367	23,400	3,633	3,758	528	4,145	4,002	1,160	327	9,638	18,877	18,661	74.4	79.7	6,480	2,189	3,122	1,568
Tennessee Central	3 mos.	280	916	4	1,041	1,077	144	156	16	172	164	62	45	374	808	799	77.6	74.2	234	59	33	69
	9 mos.	280	2,689	6	2,957	3,146	454	429	48	492	498	188	136	1,100	2,382	2,357	80.6	74.9	575	215	—42	150
Texas & Pacific	3 mos.	1,821	14,245	911	17,027	17,211	1,799	1,674	271	3,131	2,925	808	618	7,108	13,582	13,465	79.8	78.2	3,445	1,049	1,124	1,098
	9 mos.	1,821	44,656	2,354	52,401	52,921	5,978	5,173	1,008	8,771	8,718	2,416	1,924	20,806	40,312	40,522	76.9	76.6	12,088	3,874	4,395	3,645
Texas Mexican	3 mos.	161	752	....	839	741	140	125	14	90	116	41	40	249	588	594	70.1	80.1	251	119	50	6
	9 mos.	161	2,197	....	2,482	2,199	423	400	47	269	309	122	118	674	1,692	1,717	68.2	78.1	790	384	159	35
Toledo, Peoria & Western	3 mos.	239	1,715	....	1,829	1,818	180	191	17	171	140	35	156	559	1,191	1,121	66.6	61.6	638	256	164	173
	9 mos.	239	5,425	....	5,720	5,334	584	561	57	506	432	104	461	1,708	3,625	3,422	64.2	64.2	2,095	872	520	456
Union Pacific	3 mos.	9,705	114,356	8,064	132,900	134,182	13,786	13,905	1,601	23,629	23,209	8,739	3,435	45,522	93,669	93,973	70.5	70.0	39,231	19,057	13,760	12,821
	9 mos.	9,705	334,639	19,517	383,830	379,329	43,543	44,451	4,813	70,314	68,678	25,932	10,600	132,436	277,665	277,274	72.3	73.1	106,165	55,594	35,034	30,977
Wabash	3 mos.	2,423	26,201	946	30,072	29,432	2,782	2,691	486	4,201	3,883	1,486	1,026	13,701	23,234	22,689	77.3	77.1	6,838	1,811	1,763	1,754
	9 mos.	2,423	80,497	2,449	91,560	88,611	8,083	7,873	1,311	12,621	11,918	4,481	3,053	41,155	69,579	67,711	76.0	76.4	21,981	5,761	6,435	5,899
Ann Arbor	3 mos.	294	2,065	....	2,145	1,883	181	182	20	490	410	125	58	950	1,750	1,597	81.6	84.9	395	154	189	112
	9 mos.	294	5,547	....	5,671	5,668	469	516	60	1,382	1,222	376	180	2,779	5,001	4,828	88.2	85.2	570	444	81	302
Western Maryland	3 mos.	868	10,019	....	10,521	9,613	1,445	1,354	193	2,645	2,470	930	351	3,844	8,858	8,271	84.2	86.0	1,663	1,091	1,505	1,523
	9 mos.	857	31,951	....	33,328	32,024	4,281	4,809	601	7,790	7,796	2,777	1,072	11,728	26,684	26,682	80.1	83.3	6,644	3,775	5,221	5,042
Western Pacific	3 mos.	1,184	13,183	771	14,302	13,821	1,557	1,487	267	2,124	2,059	648	742	4,941	10,354	10,269	72.4	74.3	3,948	1,767	1,912	1,510
	9 mos.	1,184	39,999	1,783	42,745	41,052	5,144	4,440	818	6,452	6,232	1,938	2,250	14,685	13,518	29,990	73.7	73.1	11,227	4,708	5,642	4,623



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Our railroad herbicide specialists know your regional weed, soil, and weather conditions. They have an extremely wide selection of weed and brush killing chemicals. Now, with strategically located production facilities and the most efficient spray cars in railroading today, U.S. Borax is fully equipped to contract for any vegetation control program—and carry it out promptly, effectively and economically. We would like an opportunity to prove it to you this Spring.

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U.S. BORAX

Is the Witte Diesel Engine-Generator unit best for refrigerator cars just because you can balance a nickel on the block while it's running?

This little stunt alone doesn't make the unit best, but it does illustrate an important advantage of the Witte unit: less engine vibration (resulting from the horizontal design) means less vibration transmitted to the car and cargo.

The horizontal design is also ideal for undercar installation. This is particularly important for ice car conversion. You can get 10 inches or more rail clearance.

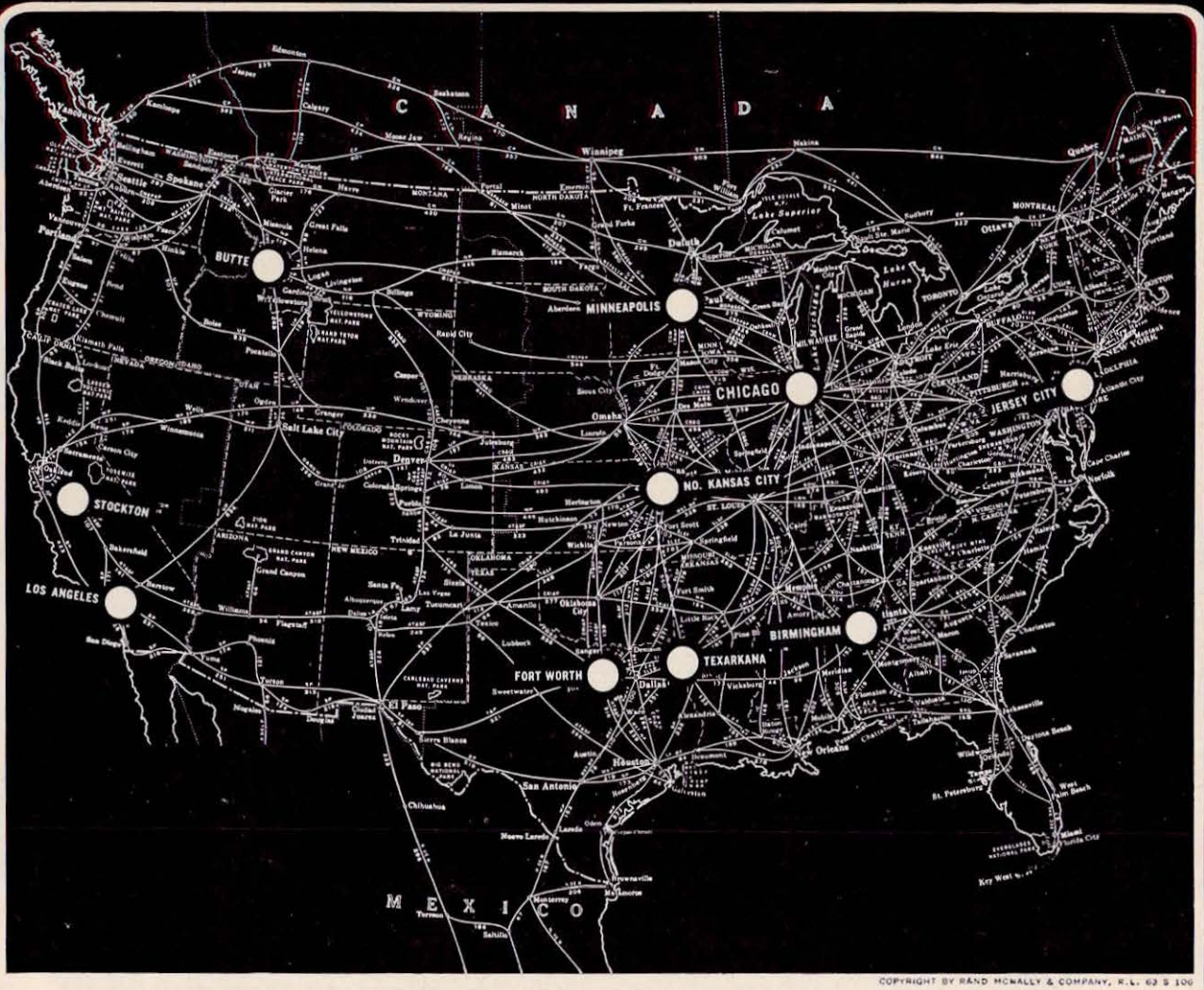
Witte Models 100 and 120 use less fuel than other refrigerator car engines. Pintle type, single orifice fuel injection nozzles and precombustion chamber design are two of the many features that contribute to longer life, less maintenance, lower noise level and adaptability to lower grade fuels.

The Models 100RDA, 12½ KW and 120RDA, 17½ KW are furnished with direct coupled, 230-volt, 3-phase, 60-cycle, inherently regulated, brushless generators.

Witte engines can be expected to run as long as 20,000 hours before a major overhaul is necessary. A one-year warranty is extended on all parts. Offices and Plant: 1600 Oakland Ave., Kansas City, Mo. 64126.

USS and Witte are registered trademarks.

Witte Engine Works
Oil Well Supply
Division of
United States Steel



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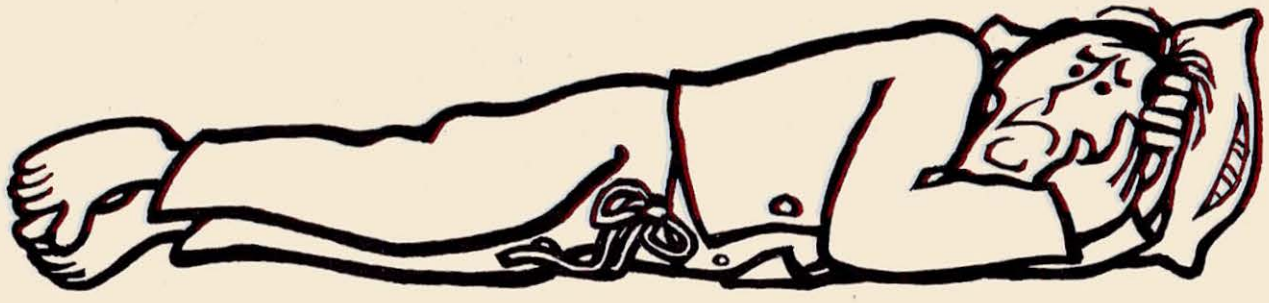

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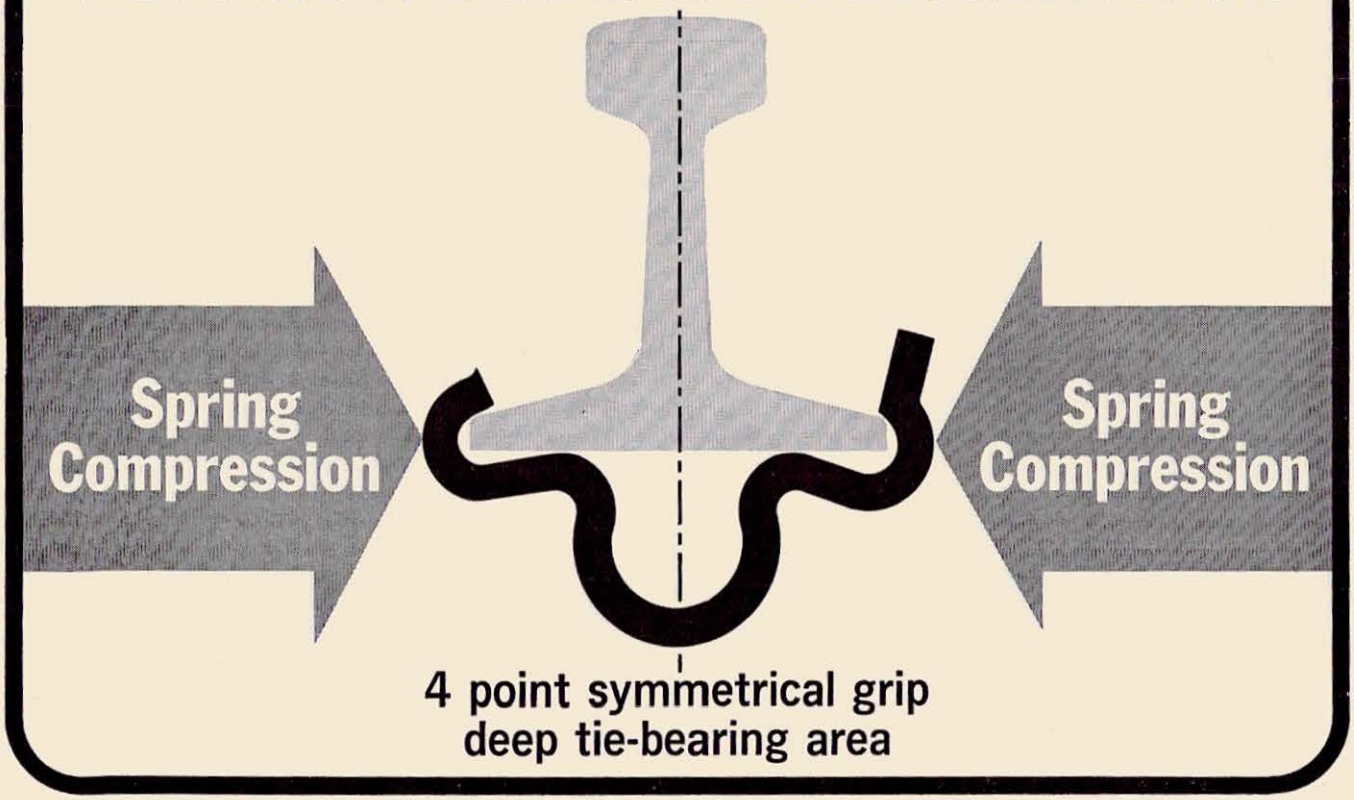

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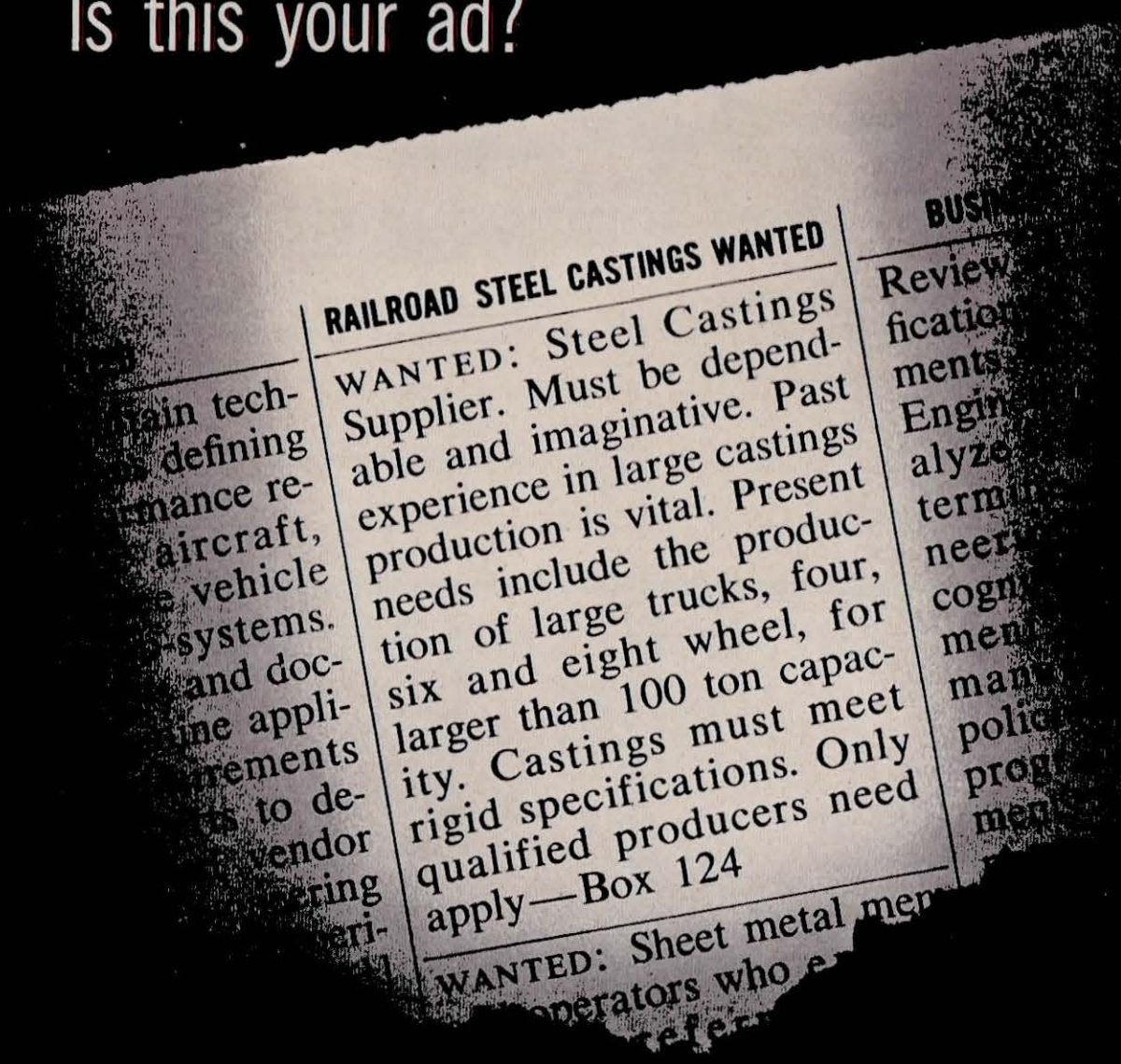
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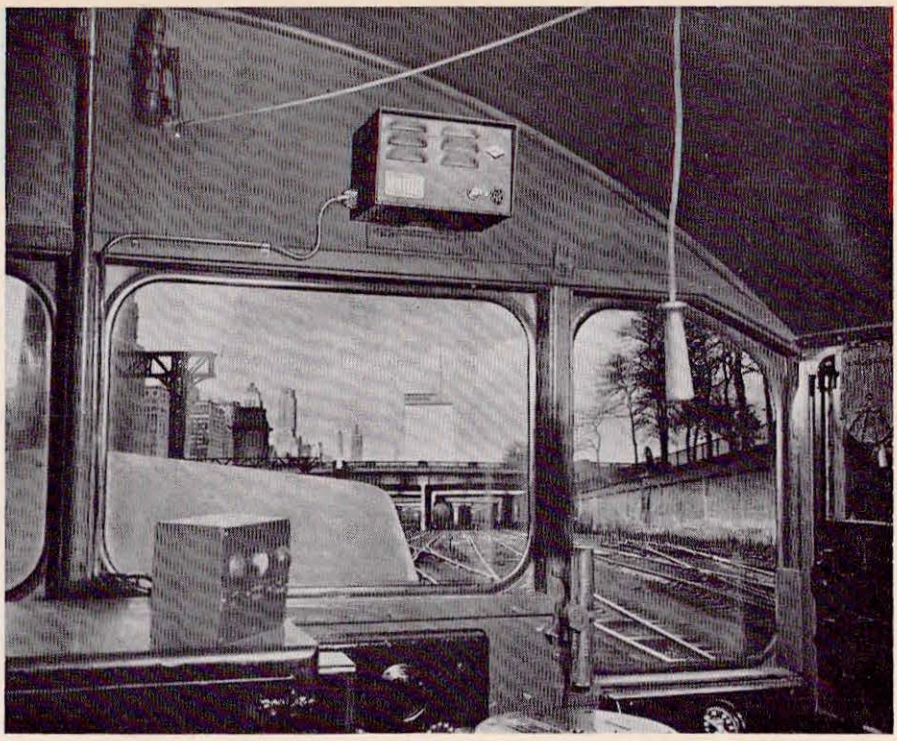
Refer Adv. No. 266

Electronic eye on the throttle

IC has installed its first 'alertness control' in a locomotive.



Electronic alertness control units installed in a locomotive cab.

On November 15, the Illinois Central made its first application of Vapor's Alertor electronic alertness control. It was installed in No. 607, an EMD 600-horsepower switcher operating out of the IC 27th Street Yard. Comments from enginemen have been favorable: "Imparts a sense of security," "nothing new to learn," "this has relieved me of additional duties," "all A-OK with me."

The completely transistorized control not only requires but encourages and senses normal conscious movements of the engineer while operating the locomotive. Constant pressure on a foot or hand control is not necessary.

Here's how it works. Whenever the engineer makes a normal movement, such as touching the throttle, brakes, sanders, or any metallic equipment in the cab, the control is automatically reset. Should no normal movements be made, the Alertor gives an audible warning signal in 20 seconds. This signal must be acknowledged within ten seconds or a service application of the brakes will occur.

The control, according to Vapor engineers, "is an electronic safeguard that cannot be circumvented. It offers the engineer a new ease of handling his responsibilites. He assumes no cramped or unusual position. While he is in control of the locomotive, there is no occasion for him to even know the Alertor is there. When some condition occurs beyond his control, the Alertor questions his alertness and acts to assure his own safety, the safety of his locomotive and his train."

In recent tests in the IC yards, the control automatically reset during 15 minutes operation because the engineer was constantly making movements in switching a cut of cars. Only when the engineer was backing a long string of cars, and watching the movement with his hand on the brake lever—no other movement for 20 seconds—was there a warning signal. Instant removal of his hand reset the control.

NH seeks Boston service cuts

The bankrupt railroad wants to discontinue passenger service on three lines to stem its losses. One of the routes has been involved in the area's $5.4 million mass transit demonstration.

In another bid to stem the continual sapping of its financial strength, the hard-pressed New Haven is seeking to discontinue passenger service on three Boston suburban lines.

A total of 32 week day trains, which carry about 3,000 passengers daily, would be eliminated if the Massachusetts Department of Public Utilities approves the petition. The lines are those between Boston and Needham Heights-West Medway, Boston and Blackstone, and Boston and Dedham.

One of the suburban lines covered by the petition has been involved in the $5.4 million Mass Transportation Commission transit experiment in the Boston area. Under the demonstration project, fares were lowered and off-peak service increased in an attempt to attract passengers.

According to the New Haven, the experiment developed only minor increases in use of service, not enough to result in any significant improvement in operating results. On Sept. 9, the $1.2 million project on the New Haven was revised to apply only to suburban service on the main Boston-Providence line, where the additional trains were continued and a new low off-peak one-way fare was introduced. This project is being continued until Mar. 6, 1964, when results will be reviewed to determine future off-peak fares and schedules between Boston and Providence.

Dr. Joseph F. Maloney, executive director of the Mass Transportation Commission, said that the "MTC is fully cognizant of the financial plight of the New Haven Railroad and that the MTC-New Haven experiments, while producing useful data, have not eradicated the losses."

A Supreme Court dissent . . .

'Rail bias' is seen in actions of ICC

Justice Black lashed out at the ICC when the high court decided not to review a C&EI rate ruling. Chief targets: the Commission's supposed railroad bias; poorly written findings.

Justice Black of the United States Supreme Court thinks the ICC is "railroad-minded" in its approach to cases involving controversies between rail and water carriers, and that the Commission's reports indicate that it "apparently seeks to make a rubber stamp out of any court reviewing its orders."

As to the former charge, the justice said that "several times in recent years," the courts "have had to protect inland barge lines from Commission action which would have frustrated the intent of Congress to secure for them the benefit of the inherent advantages of their low-cost mode of carriage." Of the report which inspired his statement, the justice said the Commission "could have informed me just as well if it had written its so-called findings in ancient Sanskrit."

Justice Black's statement was a dissent from the Court's Dec. 2 order announcing that a lower-court ruling upholding the ICC in a rate case would not be reviewed. Justice Douglas joined in Mr. Black's nine-page statement. The Court's order denying review was a three-line announcement.

• **The case.** The case was docketed in the Supreme Court as No. 275. It came up from the U.S. District Court for the Northern District of Illinois, whose Mar. 25, 1963, decision upholding the Commission will now prevail.

The rate in issue was a joint rail-water rate, proposed by the Chicago & Eastern Illinois and a barge line with which that road connects at Mt. Vernon, Ind., on coal moving from West Virginia and eastern Kentucky to Chicago. The rate, which the Commission condemned as "non-compensatory," was $3.36 per ton, out of which C&EI's division would have been $2.04. Protestants were railroads operating over all-rail routes with a rate of $4.75 per ton. These roads "have refused to establish joint rates with any barge line," Justice Black said. He also said that C&EI's division of rates over all-rail routes would be only $1.66.

The justice got his protest against the court's no-review order under way with a statement recalling expressions of fear that the ICC would be too "railroad-minded" when Congress was considering the Transportation Act of 1940 which brought water carriers under Commission regulation. It was because of such fears, Mr. Black added, that Congress then put in the Act the National Transportation Policy with its call for "fair and impartial regulation of all modes of transporation . . . so administered as to recognize and preserve the inherent advantages of each."

• **Saved by the courts.** Then came the justice's charge, noted above, that the courts have often had to step in to see that this was done. His bill of particulars included the following:

"Sometimes the Commission has used procedural delaying devices to deny barge lines their inherent advantage over railroads; again, the Commission has taken away the inherent advantage of barge lines through the device of a joint rate allowed carriers by rail but denied carriers by water. Sometimes, as in the present case, the Commission has resorted to use of inadequate or obscure findings of fact. And barge lines have been denied the benefit of their inherent advantage when railroad rates challenged and later found to be unlawful have been permitted to take effect because of the long delay of the Commission in passing upon their unlawfulness.

"Therefore, it may be significant that the Commission in the present case, at the instance of the large Eastern railroads and without finding basic facts to support its conclusion, disallowed as noncompensatory a proposed joint rate of a small railroad and a barge line which would give shippers of coal . . . the advantage of a rate appreciably less than that charged by the Eastern railroads for the same haul."

• **Commission can add.** Justice Black's difficulty in understanding the Commission's discussion and adjustment of the cost evidence is pointed up by this statement: "I have checked the Commission's addition and find it correct. But when I turn to what should be the basic findings of fact to support the accuracy of these figures, any illusory clarity in the Commission's report vanishes."

President Johnson called strong mass transit supporter

The chief Senate sponsor of the late President Kennedy's $500 million urban transit bill said last week that he was "completely confident that President Johnson will give strong support to this and other measures of vital importance to our cities and suburbs."

The bill passed the Senate 52-41 earlier this year, and is now before the House Rules Committee.

Sen. Harrison A. Williams (D-N.J.), gave his views at a meeting of the Philadelphia-Camden Railroad Community Committee of the Eastern Railroads Presidents Conference, in Philadelphia.

Pointing to President Johnson's record as Senate Majority Leader he said: "If there is one thing I know, it's that President Johnson's horizons are fully as broad as the nation's, and they have been for many years."

The Senator cited the new President's "key role" in 1960, when he was Senate Majority Leader, in gaining Senate passage for the first time of a bill to help improve rail and bus transit service in metropolitan areas. He said that although the mayors of cities from throughout the nation were in Washington at the time drumming up support for this legislation, "the idea of helping ease traffic congestion by restoring our deteriorating rail and bus service was brand new to Congress."

This is where the then Senate Majority Leader did much to tip the balance, as Senator Williams recalls. "He gave a commitment to do all he could to obtain Senate passage. The bill did pass, but I can tell you it simply wouldn't have been possible without Johnson's help and cooperation."

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Ops plan new test of rules decision

The Firemen, meanwhile, want a 25% increase in basic pay rates and some new benefits.

While attorneys for the operating brotherhoods were preparing a court challenge of the arbitration award last week, the Firemen took off in still another direction demanding a pay hike and more benefits.

The announcement by the union chiefs in Washington that they would battle the work-rules award in court came as no surprise (RA, Dec. 2, p. 9). Neither did the affirmation that they plan to challenge the constitutionality of Public Law 88-108, under which the arbitration board was established.

"Compulsion in the railroad work-rules dispute would force 200,000 railroad operating employees to work under conditions far inferior to the conditions bought and paid for through collective bargaining," the chiefs' statement said in part. "At the same time the railroad corporations would make a handsome profit at the expense of their employees' freedom. This is not democratic, just, nor constitutional."

• **The firemen's demands.** Meanwhile, the BLF&E presented to the railroads a list of demands from its 78,000 members. Unlike the Brotherhood of Railway Trainmen and the Brotherhood of Locomotive Engineers — both of which are known to have wanted negotiations with individual carriers — the BLF&E requested that national handling of its demands be expedited "if settlement is not reached in local conference." The BLF&E demands were for:

• A 25% increase in all basic pay rates and for all arbitraries. The demand carried with it the requirement that daily earnings have a minimum floor of $40 for engineers and $35 for firemen in all classes of road service.

• Carrier-paid health and welfare coverage for employees and their families that will provide all hospital, medical and surgical services for any sickness, injury or disability, plus a weekly benefit of $60 for each employee so incapacitated.

• Life insurance amounting to $10,000 for each employee, with endowment at age 65.

• Supplemental pensions for BLF&E-covered employees that would be over and above the present Railroad Retirement benefits toward which the carriers and employees contribute equally.

• **Railroads called prosperous.** H. E. Gilbert, BLF&E president, describing the wage adjustments for the engineers, firemen, hostlers and hostler helpers as "long overdue," because "the last wage increase became effective Mar. 1, 1961," said there had been no additional adjustment "during the long dispute over work rules, which still continues. The railroad industry is operating at near-peak prosperity despite official management statements to the contrary."

Carrier officers, still trying to assess the size of the substantial demands made by the Brotherhood of Locomotive Engineers last month (RA, Nov. 18, p. 39), said it was almost impossible to assess the magnitude of the cost to the carriers of the BLF&E demands. "It would, without question, if all the demands became effective, wipe out completely whatever savings accrue to the carriers from the provisions of the arbitration award in the work rules case," noted one Midwestern railroad officer. Another observer felt the cost of the BLF&E demands "would exceed" the cost of the demands of the BLE "because the BLF&E is a larger organization, and the demands are very close to the Engineers' wage and benefit notices." Both the BLE and the BLF&E demand would "almost double the cost to the carriers of maintaining employees represented by the two unions if union demands were granted."

Great Northern's new memory unit

Great Northern has placed in service its third Univac computer unit—a $1.5-million system which will operate more than 10 times faster than the road's Univac I, acquired just 16 years ago.

Univac III, GN says, will handle "large volume work," beginning with stockholder records, dividend payments and car records. The new system consists of a central processor, 11 magnetic tape units, a high-speed card reader, a high-speed printer and control console. Heart of the computer is its magnetic ferrite core memory unit.

Acceptance of the system, late in November, also marked 35 years of cooperation between GN and Univac's developer, Sperry Rand Corp.

Examining the console (left to right) are GN President John M. Budd; R. E. McDonald, vice president and general manager of the Minneapolis-St. Paul division of Univac; and John A. Tauer, GN vice president and comptroller.

NITL won't let Hoffa 'loot' the shippers

The NITL warns motor carriers that the cost of Teamster contract demands can't be paid from shippers' transport budget.

Truckers are getting some tough talk from shippers. Motor carriers were warned by the National Industrial Traffic League that the cost of Teamster contract demands cannot be paid out of shippers' transportation budgets. The NITL hinted broadly that shippers can find other ways to ship or "avoid transportation entirely" when the price gets too high.

More than 700 NITL members at that organization's 56th annual meeting held recently in St. Louis methodically established their position in view of Teamster President James Hoffa's remark Oct. 19 that motor carrier rates be increased to meet the cost of his demands. The NITL left very little to the trucking industry's imagination about its feelings in the matter.

The NITL also heard Mississippi River Fuel's William G. Marbury—who is also chairman of the board of Missouri Pacific—look at railroads from an investment standpoint; the NITL tackled problems ranging from legislation to the adoption of a standard commodity code and the problems of unregulated and illegal transportation—until the calamity of President Kennedy's assassination early the afternoon of Nov. 22. "After that dreadful news," said one NITL officer, "people just went through the motions. It was a good thing most of the NITL business was already taken care of."

Before news of President Kennedy's death came, the NITL managed to touch many transportation bases.

• **A firm stand.** The NITL put the truckers—and Teamster President Hoffa—on warning that it will not stand by idly and watch what one shipper termed "looting" of the shipping public to allow truckers to tack on what some observers have estimated to be $200 to $600 million in additional labor costs to the trucking industry because of Mr. Hoffa's "preposterous demands."

The NITL decided to publicly warn the motor carrier industry that the shipping public will not permit the motor carriers to bargain away "shippers' freight budgets to Hoffa." The NITL said "the truckers should be on notice that they have no unlimited license to give in to Hoffa at our expense."

Accordingly, NITL President H. O. Mathews, vice president transportation and distribution for Armour and Co., was instructed by the membership to write individually to the chief executives of all motor carrier bureaus, to prominent motor carrier officials and to officers of the American Trucking Associations, to tell them that the NITL, having taken note of Mr. Hoffa's demands, expects trucker managements to exert "bona fide efforts, the best at their command," to restrain the Teamsters Union from "obtaining unnecessary increases in wages, fringe benefits or featherbedding-type changes in work rules."

Shippers urge realism

The letters sent by Mr. Mathews also stated that purchasers of transportation will tolerate no namby-pamby negotiations such as might be based on thinking that the shipping public will pay the cost involved in unreasonable labor contracts. The letters told the motor carriers that "they are not in the monopolistic position" they might think they are, and that in recent years intercity ton-mile transportation has not kept pace with the rise of the gross national product which "means that shippers may find ways to avoid transportation entirely when rates rise beyond reasonable tolerances."

The NITL letters also said that the organization "will oppose, by every resource at its command, rate increases claimed by carriers to be needed to meet unreasonable wage awards or working rule changes."

• **A look at the railroads.** NITL members heard Mississippi River Fuel's chairman of the board, William G. Marbury, give an investor's-eye-view of the railroad industry and his reasons for optimism. Mr. Marbury—who controls 57% of MoPac's stock—described the industry as an efficient mode of transportation, needing more customer orientation and solving of management/labor problems.

"If a railroad pays enough attention to customers, there'll always be a place in American society for that kind of a company," Mr. Marbury said. "If managements are to do this they must solve their own problems. If managements in other businesses had been running their companies as inefficiently and as extravagantly as the railroads—they'd be complaining, too." Mr. Marbury didn't spare labor's role in the matter: "Labor is as old-fashioned, as unrealistic and as outdated as rail managements."

Mr. Marbury's recipe for rail progress? "With aggressive, innovating management and with money to invest, we'll win shipper respect and develop sound business relationships. Our responsibility is to you," he told the audience of shippers. "We'll do a better job for shippers and a better job for ourselves. We'll build a better railroad with better service and with better equipment. And, out of our ingenuity and efficiency we'll make more money."

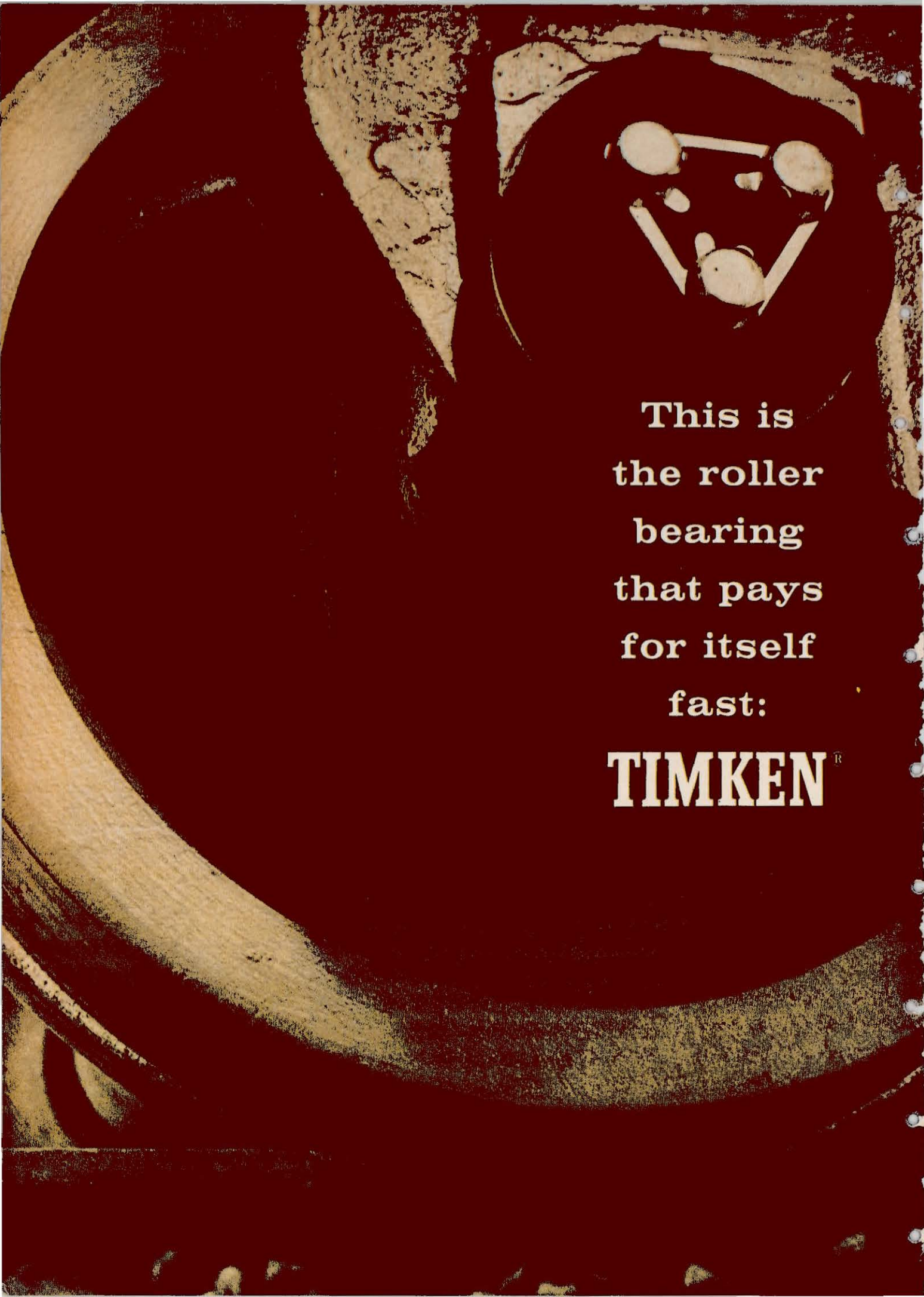
• **More car repairs urged.** In other action, the NITL continued to growl over the freight car supply. Both the level of the car fleet and the bad order ratio came under NITL fire. Though a decrease in the national level of the bad order ratio was reported—from 8.4% down to 7.9%—the NITL said the level still reflects need for the carriers "to increase expenses assigned to car repair."

The NITL reported success in opposing rail proposals that would charge $10.75 for stopping and holding grain cars for inspection. "As a result of this (NITL) opposition," reported a NITL committee, "the Southern and Western railroads withdrew the application and the Eastern railroads scaled it down to $6."

NITL expressed strong opposition to S. 684 and H. R. 2090, or any other bills that would permit control of a freight forwarder by a common carrier subject to parts I, II and III of the Interstate Commerce Act.

NITL also came out strongly against the principle of compulsory arbitration. After review, the organization, despite the fact that it previously supported the administration formula for settlement of the railroad work rules dispute, is now strongly opposed to the settlement of disputes by compulsory arbitration.

On Nov. 22, the NITL re-elected Mr. Mathews president. Also named to second terms were C. H. Wager, NITL vice president, who is general traffic manager of the Shell Oil Co. in New York; R. A. Cooke, also of New York, and manager of the traffic department of the American Newspaper Publishers' Association, treasurer, and W. E. Maley, of Los Angeles, director of traffic for the United States Borax & Chemical Corp., who was named chairman of the NITL executive committee.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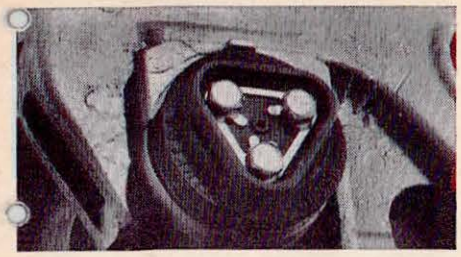

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That's why we can say that Timken railroad bearings pay for themselves fast, that there's a lot of life left in them to save your railroad money for years to come. Right now is the time to switch to Timken bearings on new cars or convert to them on old. They represent less than 5% of an average freight car's cost . . . that's compared with 25% in 1949. And there's quality to spare in Timken tapered roller bearings. They're precision-made of the finest nickel-rich steel in our high-speed Columbus, Ohio, railroad plant. They're carefully inspected, grease lubricated and sealed to keep running as a virtually maintenance-free unit.

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RAILROADING AFTER HOURS WITH JIM LYNE

LYNE

DO RAILROADS EARN ENOUGH?—I have a letter from Zelle Hopkins, retired public relations spokesman for the Western Railways, who agrees with our Oct. 21 editorial suggestion that many railroads do not give their employees sufficient information on railroad earnings; and that they might do more than they do in answering misleading statements about earnings which appear from time to time in some of the union papers.

Zelle points out, if employment had continued at the immediate post-war level, at present wages, payroll alone would be absorbing almost all operating revenues.

E. A. Lewis of Glen Cove, N.Y., says we "ought to be ashamed of ourselves" to suggest that union papers ever misinform their members. What they do, says Mr. Lewis, is to give their readers the "labor side." I wouldn't expect union papers to take the "management side" on questions where there is a legitimate area for disagreement. But the question whether railroads are earning enough money to attract badly needed capital (if railroad plant is to be kept up-to-date) seems to me to be entirely one of fact. There are no two sides to this question.

The incontrovertible fact is that the railroads have, for years, been the lowest earner, in ratio to net assets, of any major industry. Anyone who believes otherwise is behind in his home work.

FAST FREIGHT LINES—I raised a question here a few weeks back about the "fast freight lines," and why it was that they gradually faded away. J. J. Kelly of the Springmeir Shipping Company (forwarders) believes it was the forwarders that took over this kind of service.

The suggestion has a certain plausibility to it, but there must still be a lot of old-timers who could answer the question from first-hand knowledge. Mr. Kelly also wants to know how fast the "fast freight lines" were.

BIGGEST RAILWAY MAGAZINE?—There is a continuing outpouring in France of high-grade printed matter on railway problems and achievement. For example, a prominent commercial publisher ("Librairie Plon") has for the past 16 years published a yearbook on railway performance (L'Année Ferroviaire).

One of the subjects on which this annual publication reported for 1963 was the French Railways' weekly magazine, "La Vie du Rail" (which, in English, would be "Railway Life"). This magazine is aimed at a popular audience. That is, it is not a professional or management or union publication. It is richly illustrated, in color—and is evidently intended for "fan" readers, whether they are railroaders or not, and for railroad families.

The astonishing thing about "Railway Life," to me, is the size of its paid circulation, which is reported to be 225,000—the subscription price being approximately $5. In relation to population, a similar publication in the USA would have to enroll practically a million paid subscribers to achieve the same relative "penetration" throughout the whole population that "Railway Life" seems to have.

LABELING THE EXCESS CREW MEN—The action of the Southern Railway —when hiring firemen under coercion, of conspicuously assigning them no duties—had somewhat of a parallel 50 years ago, when New York State enacted its excess crew law. At that time (so E-L Chairman William White tells me) the then president of the Erie, F. D. Underwood, "would not let the excess man on a passenger train wear a uniform or do any work." Instead he was required to wear a derby hat with a metal badge on it, identifying the wearer as an "excess crew man."

This identification might seem a little rough—but, it seems to me, there is justice in this handling from the standpoint of employees performing necessary duties. With all the discussion there has been of so-called "featherbedding" (not an accurate term, in my belief), a lot of train employees may be suspected of being supernumeraries when they're not that at all.

CONSIDER THESE KELLYS—Jock Kelly works for the Pennsy in Phoenix. His father (W. J. Sr.) is retired VP—traffic of the AAR. Both his wife and mother are former railroaders and his grandfather worked for the IC. I don't recall many other railroad families where the distaff side has been so strongly in evidence.

C. S. Doupe
CPR

Lynn B. Coleman
C&O-B&O

William J. Eck
C&O-B&O

Edgar M. Whanger
C&O

C. Vernon Cowan
C&O

J. Wayne Russell
N&W

PEOPLE IN THE NEWS

ATLANTIC COAST LINE.—**J. F. Drennan,** assistant to general superintendent transportation, Jacksonville, Fla., appointed trainmaster, Augusta, Ga., effective Dec. 1.

Joseph R. Dehner, assistant to vice president—traffic, Chicago, named assistant vice president there. **Emmett H. Durham,** assistant to vice president, Jacksonville, promoted to assistant vice president there. **J. H. Fryer, Jr.,** general agent, Wilson, N.C., promoted to division freight agent, Wilmington, N.C.

Frank G. Kurka, assistant general solicitor, Jacksonville, named general solicitor in charge of claims division, succeeding **Norman C. Shepard,** who retired Aug. 1. **Phillip C. Beverly,** former assistant general solicitor, also became general solicitor (on July 1), heading the commerce division. **James E. Williams** named general attorney.

CANADIAN NATIONAL.—**Frank N. Gaddy,** general agent—freight and passenger sales, St. Louis, Mo., appointed district sales manager—freight and passenger services, Buffalo, N.Y. **Maurice F. Alexander,** general agent—freight and passenger sales, New Orleans, La., succeeds Mr. Gaddy at St. Louis. **John L. Cooper,** who has been serving at New Orleans, named general agent—freight and passenger services, Houston, Tex.

A. W. Walter, general supervisor of car service, appointed general car accountant—system, Montreal, succeeding **H. R. Norman,** promoted to assistant chief of car service—system. Mr. Walter's former position abolished.

CANADIAN PACIFIC.—**C. S. Doupe,** assistant freight traffic manager, Winnipeg, Man., appointed freight traffic manager, Prairie Region, succeeding **V. R. Duncan,** who retired Nov. 30 after 46 years with the CPR.

Harry Newton, assistant general passenger agent, Vancouver, B.C., promoted to general passenger agent there, succeeding **C. G. Jordan,** who retired Nov. 30.

CARTIER.—**R. M. McCarthy** appointed superintendent—railway operations, Port Cartier, Que., Can. **R. J. Girard** named trainmaster, Northern District. **P. P. Begley,** trainmaster, transferred to Southern District.

CHESAPEAKE & OHIO—BALTIMORE & OHIO.—**Lynn B. Coleman** named general manager, transportation planning for both roads. Since April, Mr. Coleman has been president, **Lake Superior & Ishpeming,** at Marquette, Mich. Before that he was chief administrative officer, **New Haven,** and assistant vice president, **Erie-Lackawanna.**

William J. Eck, assistant vice president—purchases and stores, C&O, Cleveland, appointed also director of purchases and stores, B&O.

CHESAPEAKE & OHIO.—**Edgar M. Whanger,** special assistant to M. I. Dunn, senior vice president—operations, appointed assistant vice president, Cleveland.

C. Vernon Cowan, manager, Northern Region, Detroit, Mich., appointed general manager—transportation, Cleveland, with system-wide responsibilities, reporting to Mr. Dunn. **William K. Weaver, Jr.,** who, since Sept. 1962, has been assigned to special duty on coordination projects in connection with affiliation of the C&O with the **Baltimore & Ohio** resumes the post of manager, Northern Region, Detroit.

Rudolph C. Tench, assistant chief engineer—system, Huntington, W.Va., appointed principal assistant chief engineer there, with system-wide jurisdiction. **Harold W. Kellogg,** assistant chief engineer—maintenance and construction, Huntington, named assistant chief engineer—maintenance of way—system. **Frank R. Rice,** engineer of surveys and construction, Huntington, appointed assistant chief engineer—construction—system.

V. R. Wilkinson appointed supervisor signals, Detroit, succeeding **H. W. Link,** retired.

ERIE-LACKAWANNA. — **Frank K. Noonburg,** assistant freight traffic manager, New York retired Nov. 30, after more than 40 years of service.

Roy F. Puls, assistant supervisor communications and signals, Binghamton, N.Y., retired Nov. 30 after more than 38 years of service, and that position abolished.

FORT WORTH & DENVER.—**L. K. Hall** appointed assistant to general manager—labor relations, Fort Worth, Tex., succeeding **C. W. Ruffner,** who retired Nov. 30, after more

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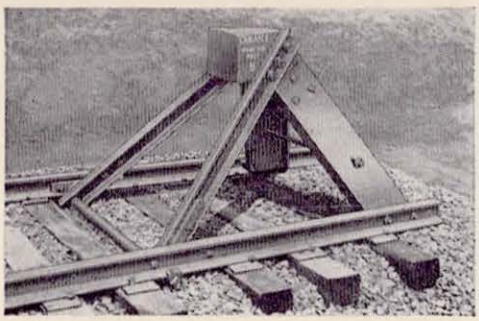

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than 45 years of service. **Dr. W. P. Higgins, Jr.** appointed chief surgeon, succeeding **Dr. R. J. White,** retired.

LOUISVILLE & NASHVILLE.—W. L. Ellison, general foreman, Corbin, Ky., appointed superintendent motive power — maintenance, Louisville, Ky. **J. W. Lisle,** department manager, locomotive shop, named assistant superintendent motive power—maintenance, Louisville. **W. A. Rice,** staff assistant, motive power, appointed superintendent motive power—operation, Louisville.

H. L. Daniel appointed supervisor—special services, Chattanooga, Tenn.

NORFOLK & WESTERN.—J. Wayne Russell, assistant freight traffic manager, Chicago, appointed freight traffic manager—western territory, Roanoke, Va., succeeding **Christopher W. Nickless,** retired. **Bryant R. Goodall,** assistant freight traffic manager—piggyback service, succeeds Mr. Russell.

J. Morton Eggleston, Jr., assistant district manager—coal traffic, Beckley, W.Va., transferred to Winston-Salem, N.C.

SEABOARD.—Joel P. Porcher, assistant division engineer, Virginia Division, Raleigh, N.C., promoted to principal assistant division engineer there. **J. J. Vereen,** principal assistant division engineer, Raleigh, transferred to the North Florida division at Miami, Fla. **J. K. Bailey, Jr.,** named assistant division engineer, Virginia division, Raleigh.

SOUTHERN PACIFIC.—Denman K. McNear, assistant chief mechanical officer in charge of engineering, San Francisco, appointed assistant to the president.

Herman A. Nelson, general auditor, San Francisco, appointed vice president and general auditor.

UNION PACIFIC.—Ernst G. Hayes appointed general traffic agent, Riverside, Calif., succeeding **John L. Brechin,** who retired Nov. 30. **Edward J. Murphy** named general traffic agent, Santa Ana, Calif.

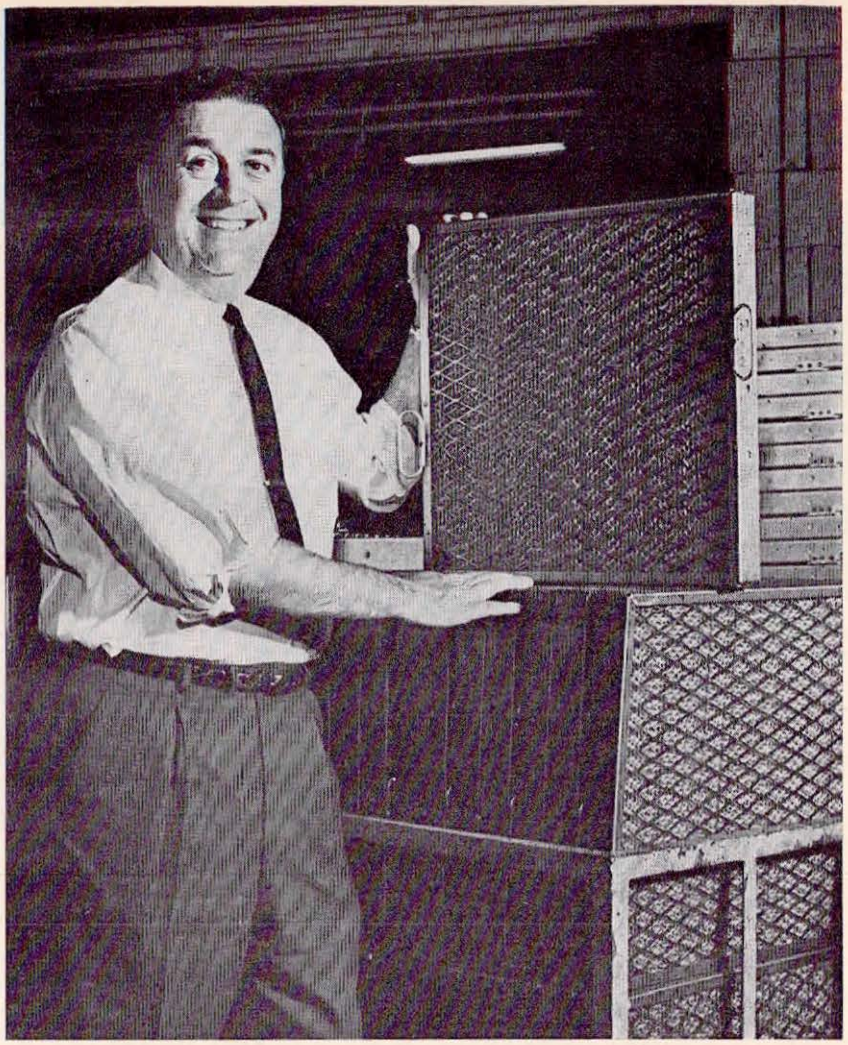
(Supply Trade on page 48)

Herman A. Nelson
SP

William A. Edwards
Kerite

Edward H. Gold
Kerite

John A. Fellman
Chipman Chemical



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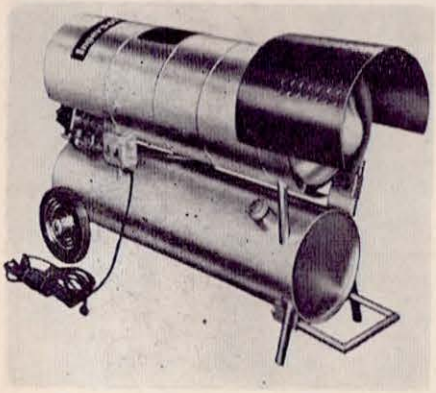
"This took place in '39, and it established us as a leading supplier of better-engineered products for the railroad industry. Today you will find one or more Farr products on 85% of the nation's locomotives."

R. S. Farr

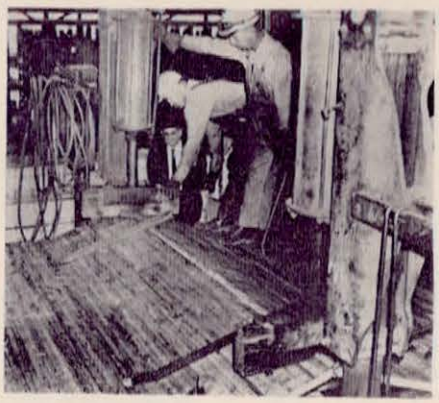
PRESIDENT, FARR COMPANY, LOS ANGELES
MANUFACTURERS OF FILTRATION EQUIPMENT FOR THE RAILROAD INDUSTRY

NEW PRODUCTS REPORT



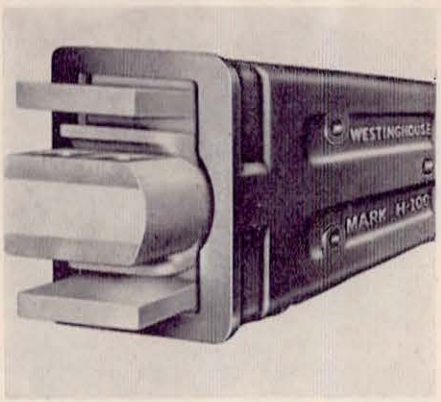
Space Heaters (RA-6)

A line of portable space heaters, in five capacities from 150,000 to 1,000,000 Btu, can be used in buildings under construction, storage sheds, and repair shops, and temporary heat can be supplied during repair of a permanent heating system. The heaters can be used for curing sand, concrete, or paint, or to preheat equipment, machinery or materials. Heat can also be concentrated on workers in one area. *Ingersoll-Rand Co.*



Car Decking (RA-7)

Alger-Deck, a laminated edge grain car decking is kiln dried to a moisture content of 12% before it is glued and surfaced to final size. This, it is said, gives a tighter freight-car floor with a tough wearing surface. Waterproof adhesives are used in the lamination. The lumber is also Cellon treated with a chemical which is an odorless and colorless wood preservative. One road is said to have purchased the decking for 300 car sets. *Alger-Sullivan Co.*



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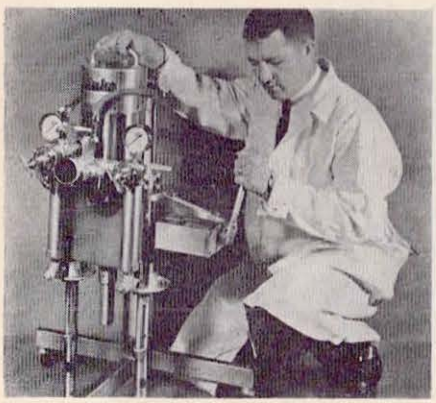

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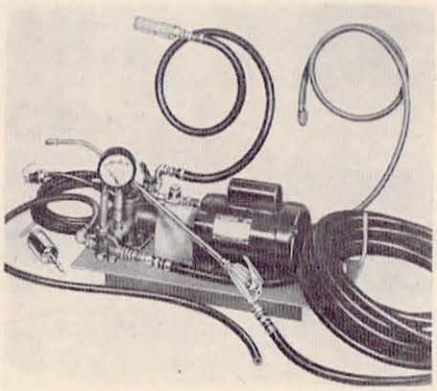

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han 45 years of service. **Dr. W. P. Higgins, Jr.** appointed chief surgeon, succeeding **Dr. R. J. White,** retired.

LOUISVILLE & NASHVILLE.—W. L. Ellison, general foreman, Corbin, Ky., appointed superintendent motive power — maintenance, Louisville, Ky. **J. W. Lisle,** department manager, locomotive shop, named assistant superintendent motive power—maintenance, Louisville. **W. A. Rice,** staff assistant, motive power, appointed superintendent motive power—operation, Louisville.

H. L. Daniel appointed supervisor—special services, Chattanooga, Tenn.

NORFOLK & WESTERN.—J. Wayne Russell, assistant freight traffic manager, Chicago, appointed freight traffic manager—western territory, Roanoke, Va., succeeding **Christopher W. Nickless,** retired. **Bryant R. Goodall,** assistant freight traffic manager—piggyback service, succeeds Mr. Russell.

J. Morton Eggleston, Jr., assistant district manager—coal traffic, Beckley, W.Va., transferred to Winston-Salem, N.C.

SEABOARD.—Joel P. Porcher, assistant division engineer, Virginia Division, Raleigh, N.C., promoted to principal assistant division engineer there. **J. J. Vereen,** principal assistant division engineer, Raleigh, transferred to the North Florida division at Miami, Fla. **J. K. Bailey, Jr.,** named assistant division engineer, Virginia division, Raleigh.

SOUTHERN PACIFIC.—Denman K. McNear, assistant chief mechanical officer in charge of engineering, San Francisco, appointed assistant to the president.

Herman A. Nelson, general auditor, San Francisco, appointed vice president and general auditor.

UNION PACIFIC.—Ernst G. Hayes appointed general traffic agent, Riverside, Calif., succeeding **John L. Brechin,** who retired Nov. 30. **Edward J. Murphy** named general traffic agent, Santa Ana, Calif.

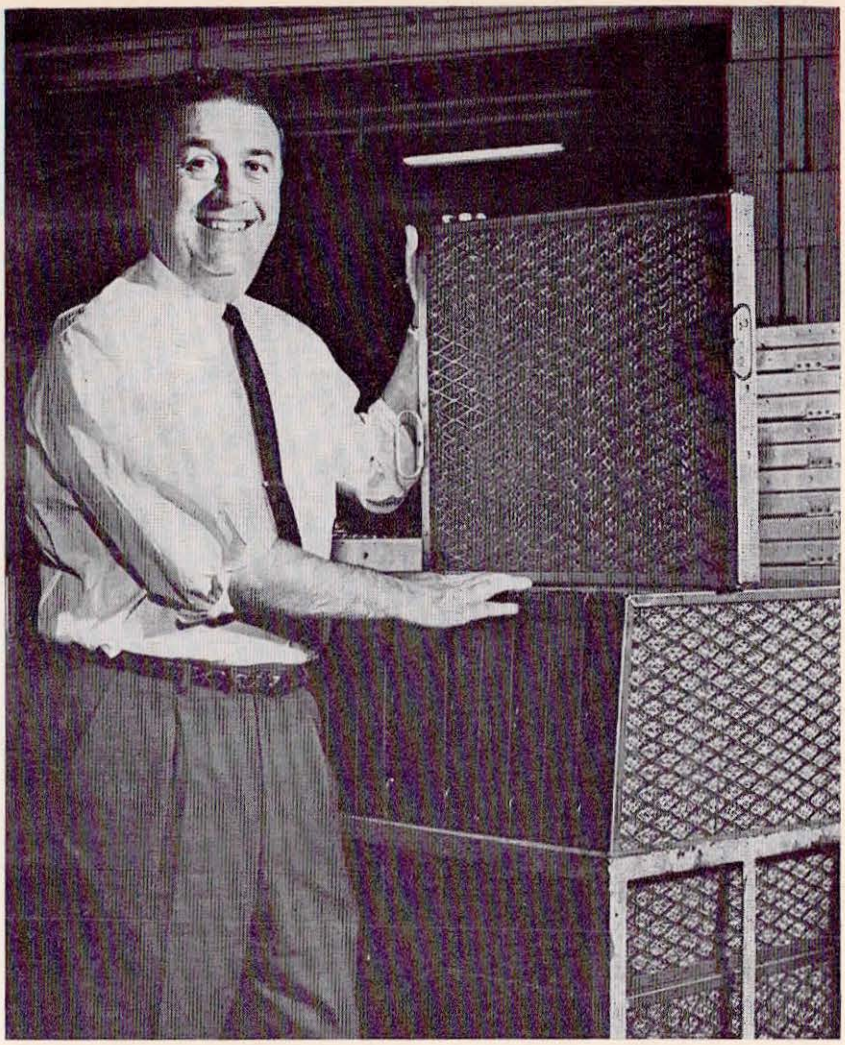
(Supply Trade on page 48)

Herman A. Nelson
SP

William A. Edwards
Kerite

Edward H. Gold
Kerite

John A. Fellman
Chipman Chemical



"Ten years from now these filters will still be in service"

"The first product we made for the railroads was this viscous, impingement screen filter. It filled the need for higher efficiencies, greater durability and longer life between servicings.

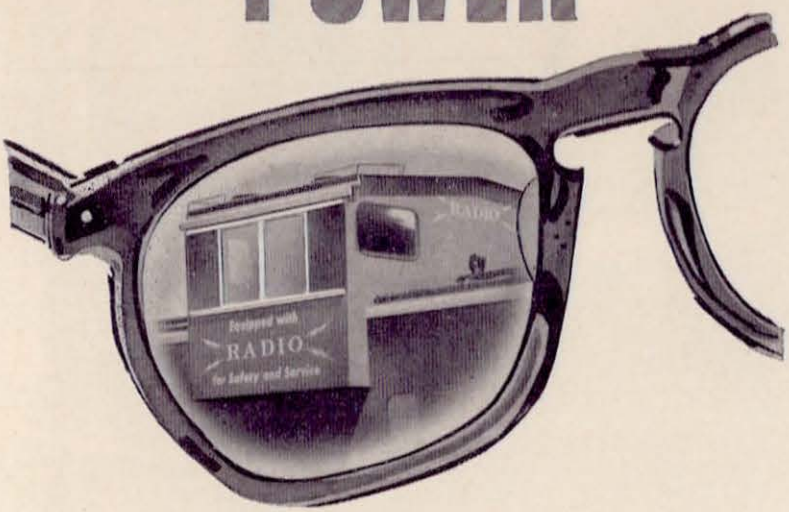
"By replacing engine filters with Farr Panel Filters, the average life expectancy of filters was increased from 12 months to as high as 10 years. At the same time, they provided 75% more useable filter surface without restricting air flow. Nothing like this had ever been known before.

"This took place in '39, and it established us as a leading supplier of better-engineered products for the railroad industry. Today you will find one or more Farr products on 85% of the nation's locomotives."

R. S. Farr

PRESIDENT, FARR COMPANY, LOS ANGELES
MANUFACTURERS OF FILTRATION EQUIPMENT FOR THE RAILROAD INDUSTRY

MORE SEE POWER



YOU GET IT WITH INTERNATIONAL'S EXTRA-WIDE VISION CUPOLA CABOOSE

Here's one more reason why freight crews really enthuse about International Caboose Cars. This exclusive model with its panoramic windows has no equal for seeability. Write for the eye-opening details. It's one of several standard models, but if you have your own ideas, we'll work with them, too.

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INTERNATIONAL CAR DIVISION
MORRISON INTERNATIONAL CORP.

Representatives:
W. R. Collins—New York, N. Y. R. H. Jenkins—Washington, D. C.
M. H. Frank—Cleveland, O. G. G. Prest—St. Paul, Minn.
R. B. Hornberger—San Francisco, Cal. F. E. Ross, Jr.—St. Louis, Mo.
E. J. Hasten, Jr., W. B. Reed—Chicago, Ill.

Supply Trade

William A. Edwards, Eastern manager, railroad sales, **Kerite Co.,** New York, has been appointed railroad sales manager. **Edward H. Gold,** assistant manager, Eastern Railroad Division, promoted to Eastern railroad sales manager.

John A. Fellman has been appointed sales and service representative, Railroad Division, **Chipman Chemical Co.,** Chicago. Mr. Fellman formerly was spray train supervisor, General Chemical Division, Allied Chemical Corp.

Edward C. Brass has been appointed manager of paper power cable sales, Paper Power Cable Products Department, of **The Okonite Co.,** Passaic, N.J. Mr. Brass was formerly manager, Cleveland district.

Harold M. Nelson has been appointed chief engineer, railway products, **MacLean-Fogg Nut Co.,** Chicago. Mr. Nelson formerly was vice president of North American Car and previously was general mechanical superintendent with Fruit Growers Express.

Trans-Lite, Inc., Milford, Conn., (successor to the Lighting Division, Safety Industries, Inc.) has purchased the railroad lighting product line of the Pyle-National Co., Chicago. The line consists of headlights, train marker lights and special exterior lights for railroad locomotives and cars.

General Steel Industries, Inc., announced that GSI's Eastern sales and engineering departments, located at Eddystone, Pa., will open new offices on Jan. 1, 1964, at Room 700, 2 Penn Center Plaza, Philadelphia 2, Pa. The Eddystone office will be closed.

B. F. Stark has been appointed advertising manager, Industrial Battery Division, **Gould-National Batteries,** Inc., succeeding **J. S. McCullough,** named convention manager. Mr. Stark will be responsible for all advertising and sales promotion for the division.

C. Calvert Knudsen elected executive vice president of **Evans Products Co.,** Portland, Ore. Mr. Knudsen became a vice president early this year.

Frank C. Jungels, manager, Railroad Division, **J. W. Mortell Co.,** Kankakee, Ill., has been appointed district sales manager, Chicago district. **E. A. Januski** has been named assistant sales manager, Railroad Division, Kankakee.

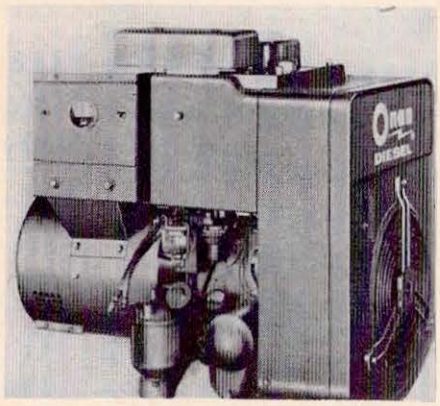
Guy J. Coffey, chairman of the board and chief executive officer, **Chicago Pneumatic Tool Co.,** retired Nov. 21. **Norman Readman,** president, succeeds Mr. Coffey as chief executive officer. The post of chairman will temporarily remain vacant.

Gordon H. Fisher has been appointed assistant to the president, **Kennecott Copper Corp.,** New York.

Clifford D. McGuinn, executive vice president, **National Cylinder Gas Division of Chemetron Corp.,** Chicago, has been named president of that division, succeeding **John L. Adank,** who was elected president of Chemetron in October.

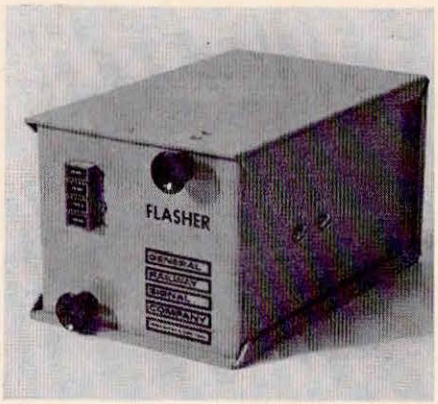
Robert N. Hazlett has been appointed manager of marketing of **Jackson Vibrators, Inc.,** Ludington, Mich.

NEW PRODUCTS REPORT



Standby Power Unit (RA-1)

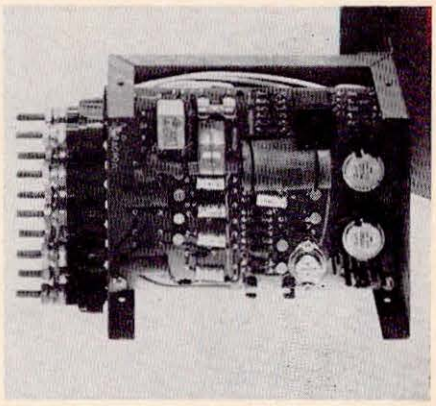
A new, air-cooled, 3,000-watt diesel-electric generating plant series 3DJA, is compact (30 in. long x 26 in. high x 19 in. wide) and weighs only 350 lb, and can be trailer or skid mounted. Completely self-contained, the series 3DJA has an Onan single-cylinder, 4-cycle, air-cooled diesel engine which drives the revolving armature generator. The steel control box, rigidly mounted over the generator, contains all necessary starting and operating controls. *Onan Division of Studebaker Corp.*



Flasher Relay (RA-2)

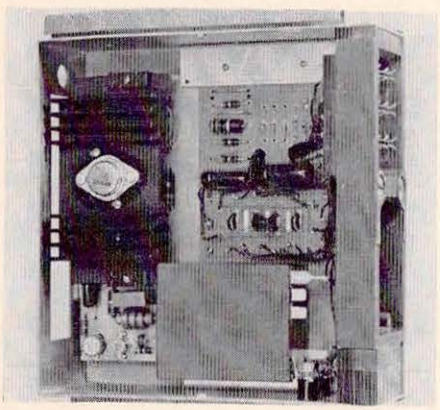
A new electronically-driven flasher for controlling the flashing aspects of wayside signals consists of a type J neutral relay and a solid-state coder, packaged in a single, compact unit.

The flasher operates at a constant rate of 60 flashes per minute over a voltage range of 8 to 14 volts DC. It holds a constant ratio of "on-off" time from —40 to +160°F. The timing is factory adjusted. Relay operating life is in excess of 250 million cycles. *General Railway Signal Co.*



Crossing Protection (RA-3)

ETC is a solid state system for providing fixed distance warning at highway crossings where timing is not required. The system requires no insulated joints; track distance information is provided to the crossing by pole line or underground wires from the approached distance. The system will operate for warning distances of 500-5,000 ft with an accuracy of ±200 ft (at 4,000 ft with ballast resistance down to 2 ohms per 1,000 ft). *The Marquardt Corp.*



Crossing Controls (RA-4)

Magnetic core devices have now been applied to systems of highway crossing protection. The all-magnetic logic circuits used are simple and reliable, and the small size of the devices saves space. In fact, the core module occupies the space of one B1 relay, yet takes the place of four B1 relays. Audio-frequency shunt overlay track circuits are used with this equipment, so no insulated track joints are required. *General Railway Signal Co.*

Fluid Regulator (RA-5)

The Binks diaphragm fluid pressure regulators are available for pressure control ranges of 0 to 12 psi for electrostatic spray and 0 to 55 psi for normal spray control. The mylar diaphragm is said to permit instant reaction to pressure variations. A 1-gpm capacity with only a 3-psi pressure drop is possible at 20 psi. Fluid sections are available in standard or stainless steels. A swivel nut inlet connection permits easy removal from line. *Binks Mfg. Co.*

RAILWAY AGE WEEKLY

30 Church Street, N.Y. 7, N.Y. READERS' SERVICE DEPT. (Att. George Johnson)

PLEASE SEND ADDITIONAL INFORMATION ABOUT PRODUCTS ADVERTISED ON PAGES 2 3 4 6 8 11 12-13 14 15 16-17 18 29 30-31 35 36 37 38 41 44-45 46 47 48 52 53 54A 54B 55 59

PLEASE SEND INFORMATION ABOUT PRODUCTS DESCRIBED ON PAGES 49 AND 50 MARKED RA-1 RA-2 RA-3 RA-4 RA-5 RA-6 RA-7 RA-8 RA-9 RA-10 RA-11

NAME ..... TITLE .....

COMPANY .....

ADDRESS .....

CITY ..... ZONE ..... STATE .....

12/9/63

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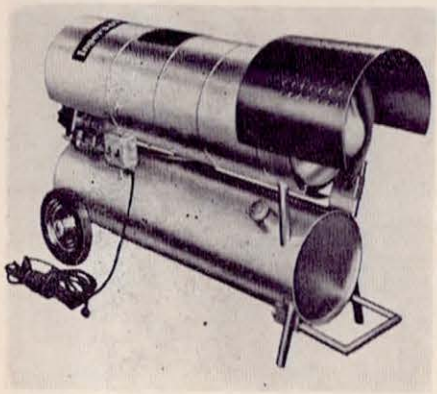
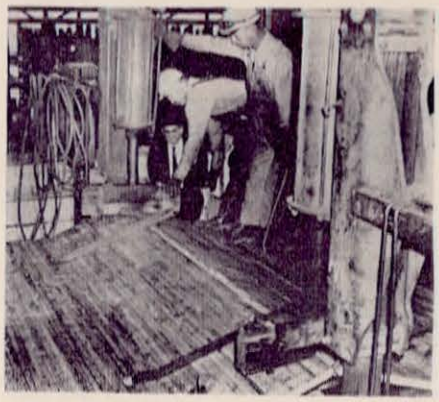
NEW PRODUCTS REPORT



Space Heaters (RA-6)

A line of portable space heaters, in five capacities from 150,000 to 1,000,000 Btu, can be used in buildings under construction, storage sheds, and repair shops, and temporary heat can be supplied during repair of a permanent heating system. The heaters can be used for curing sand, concrete, or paint, or to preheat equipment, machinery or materials. Heat can also be concentrated on workers in one area. *Ingersoll-Rand Co.*



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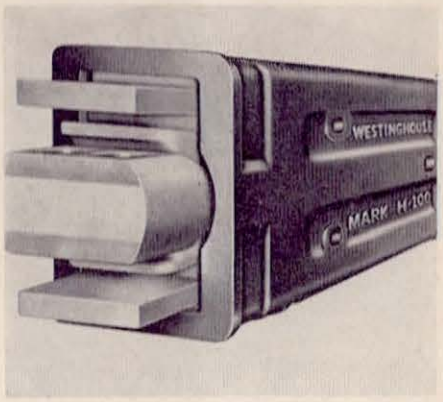

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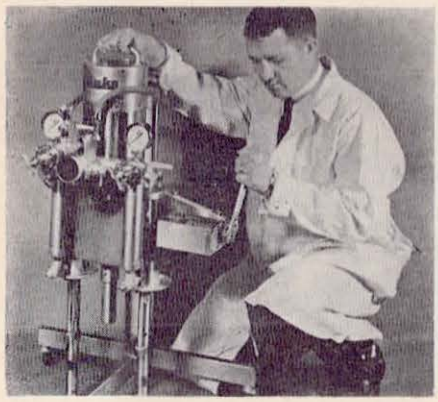

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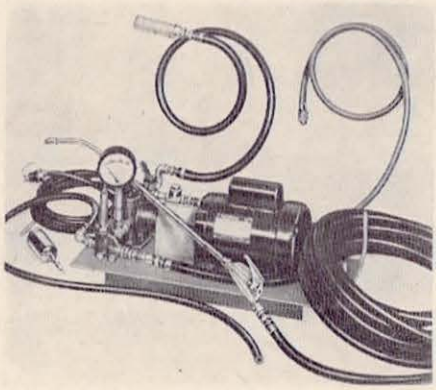

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Market Outlook

Carloadings down 20.5% from previous week's

Loadings of revenue freight in the week ended Nov. 30, which included the Thanksgiving holiday, totaled 466,764 cars, the Association of American Railroads announced on Dec. 5. This was a decrease of 120,385 cars, or 20.5%, compared with the previous week; a decrease of 95,499 cars, or 17.0%, compared with the corresponding week last year; and a decrease of 106,036 cars, or 18.5%, compared with the equivalent 1961 week. Ton-miles generated by carloadings in the week ended Nov. 30 are estimated at 10.2 billion, a decrease of 13.6% below the corresponding week of 1962 and a decrease of 10.1% below the 1961 week.

REVENUE FREIGHT CARLOADINGS
For the week ended Saturday, Nov. 30

District	1963	1962	1961
Eastern	66,525	81,294	85,995
Allegheny	78,896	91,973	98,830
Pocahontas	38,625	50,479	53,013
Southern	93,047	115,748	111,732
Northwestern	56,509	61,389	60,050
Central Western	100,400	122,535	122,729
Southwestern	32,763	38,845	40,451
Total Western Districts	189,672	222,769	223,230
Total All Roads	466,764	562,263	572,800
Commodities:			
Grain and grain products	45,776	60,184	57,436
Livestock	2,668	3,665	4,219
Coal	85,095	111,110	111,024
Coke	6,930	6,028	7,592
Forest Products	31,351	37,913	37,507
Ore	24,370	16,875	22,446
Merchandise l.c.l.	12,196	19,993	25,440
Miscellaneous	258,378	306,495	307,136
Nov. 20	466,764	562,263	572,800
Nov. 23	587,149	486,017	495,666
Nov. 16	587,822	571,436	591,335
Nov. 9	594,781	586,183	605,353
Nov. 2	622,566	608,587	619,435
Cumulative total, 48 weeks	26,895,000	26,814,836	26,549,439
Estimated Revenue ton-miles (millions) 48 weeks	578,500	552,600	522,700

PIGGYBACK CARLOADINGS.—U. S. piggyback loadings for the week ended Nov. 23 totaled 16,116 cars, compared with 12,392 for the corresponding 1962 week. Loadings for 1963 up to Nov. 23 totaled 726,767 cars, compared with 641,351 for the corresponding period of 1962.

IN CANADA.—Carloadings for the seven-day period ended Nov. 14 totaled 75,700 cars, compared with 79,348 (revised) for the previous seven-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
Nov. 14, 1963	75,700	23,722
Nov. 14, 1962	66,879	22,472
Cumulative Totals		
Nov. 14, 1963	3,169,388	1,015,301
Nov. 14, 1962	3,134,689	1,043,271

New Equipment

FREIGHT-TRAIN CARS

► *Erie-Lackawanna.*—Ordered 575 freight cars at a cost of approximately $9 million. Included are 475 box cars to be built by General American and 100 gondola cars to be built by Greenville Steel Car. All of the new units will be 70-ton capacity and 50 ft or longer and will be equipped with special accessories for particular commodity loadings. The order followed an earlier announcement that E-L will upgrade 2,500 bad-order cars at its Meadville shops at a cost of $3.75 million.

► *Norfolk & Western.*—Authorized construction of 50 100-ton, 5,100-cu-ft-capacity covered hopper cars. The contract has not yet been awarded. The new cars will be used primarily in the transportation of grain and soda ash, augmenting the road's fleet of some 1,100 similar but smaller cars of four different types. In October N&W ordered 50 4,000-cu-ft-capacity covered hoppers, then the largest ever planned for the carrier (RA, Nov. 4, p. 39). The trend toward larger cars was further exemplified last week with completion at N&W's Roanoke shops of the first of 1,500 95-ton coal hopper cars. Cars built there for the last three years have been of 85-ton capacity. N&W also has single prototype coal hoppers of 100-ton and 150-ton capacity now making test runs (RA, Nov. 25, p. 66). Constructed of light-weight, high-strength steel, the new hoppers will weigh less than 63,000 pounds empty, only a few hundred pounds more than the smaller cars.

► *Pacific Fruit Express.*—Will acquire 1,000 roller-bearing mechanical refrigerator cars from Pacific Car & Foundry in 1964. The new cars, similar to 1,000 multi-purpose reefers purchased this year, will bring PFE's fleet of mechanical cars to 4,719 units, approximately half of the total national supply. The cars have an interior length of 50 ft and a payload capacity of over 4,000 cu ft. Delivery will be completed by the end of next summer.

► *Bad Order Ratio 1.3% Lower than Last Year.*—Class I roads on Nov. 1 owned 1,520,833 freight cars, 42,457 less than on Nov. 1, 1962, according to AAR report summarized below. Bad Order Ratio was 1.3% lower than on Nov. 1, 1962.

	Nov. 1, 1963	Nov. 1, 1962	Change
Car ownership	1,520,833	1,563,290	—42,457
Waiting repairs	108,055	131,055	—23,000
Repair ratio	7.1%	8.4%	— 1.3%

PIGGYBACK

► *Chesapeake & Ohio.*—Is leasing 25 40-ft demountable containers and 25 dry freight vans for its piggyback service from REA Leasing Corp. Great Dane built the containers and vans to C&O and REA specifications.

New Facilities

► *North American Car Corporation.*—Has opened a new $4 million plant for assembling and repairing freight cars at Texarkana, Tex. The plant was financed through a municipal bond issue and will be acquired by North American under a 30-year lease arrangement.

Will the ICC update itself?

Commissioner Webb believes the law elastic enough to permit desirable changes in regulation without amending the statutes.

In a recent St. Louis speech Commissioner Charles Webb drew attention to "carrier ingenuity and Commission flexibility" as demonstrated in the coal-to-Tampa rate case. If this case is actually a forerunner of things to come in rate regulation, then its importance could not be easily overemphasized.

Here is a case in which the Commission permitted the L&N to make rates competitive with unregulated water carriers—at less than "Form A" out-of-pocket costs. The rates would, however, earn the railroad some net revenue. They would, beyond question, *leave the railroad better off financially with the reduced rates than it would be without them* —and that, in our opinion, ought to be the sole justification required for the "floor" to any rate any carrier wants to install.

In his St. Louis talk, Mr. Webb outlined the change that has come about in ICC regulation of multi-carload rates—from absolute prohibition of them prior to 1939, to their present general acceptance. *And this complete about-face on multiple carload rates has come about without any change in the statutes.* Of this change in regulatory policy, without the need for amending the Interstate Commerce Act, Mr. Webb made some highly significant observations, among them the following:

"Transportation is too fluid and too dynamic to be tied to ancient legal landmarks. . . Transportation inevitably will suffer if precedents are regarded as sacrosanct. . . . The interpretation of a statute in the context of monopoly has very little relevance to contemporary transportation problems. . . ."

These opinions of Mr. Webb's are a close parallel to those frequently voiced by this paper. That is to say—there is (we believe) no statutory limitation on the ICC which requires it to be as stubbornly restrictive as it is in permitting railroads to engage in truck transportation—or in making water transportation forbidden territory for the railroads. For that matter, where is there anything in the statutes that forced the ICC to come out with the kind of decision it handed down in the Big John Grain Rate Case? In that decision (written by Commissioner Webb) it will be remembered that the ICC held railroad rates to a higher level than the railroad sought to apply.

In short, Mr. Webb has laid down some principles for regulatory policy which are wholesome and foresighted. He has indicated instances where the Commission is being guided by these enlightened principles—e.g., in the coal-to-Tampa case, and in most of its decisions (so far) on multiple-car and volume rates. We would add the regulators' attitude toward piggybacking, up to now, to the list of encouraging symptoms of ICC modernity.

But ICC acceptance of these principles is still far from complete, as is shown by the Big John grain case, and the continued restrictions on railroads' engaging in other forms of transportation. The statutes do not compel these restrictive policies. They can be ascribed only to some obscure quirk of perversity that has immobilized (temporarily, we hope) the regulators' logic and good-will.

Mr. Webb, also, came mighty close to repudiating "fully distributed costs" as a yardstick for intermodal competitive rates—but he didn't quite say so explicitly. In the Big John case (as we noted on this page, July 29) he persuaded all the commissioners except Mr. Freas to join him in the absurd illogic of excluding subsidy payments in calculating the economic cost of barge transportation.

Let competition decide

Anyhow, the search for the "low cost carrier" is plainly a blind alley so far as rate regulation goes. Once the investment in fixed property has been "sunk"—in highways, railroads, or waterways—the costs that thereafter become primary, economically, in pricing are the operating and maintenance costs that vary with the volume of traffic.

For regulators to come along and refuse a carrier the right to set rates which will cover operating expenses and earn (say) 2% on the fixed investment—just because they believe the investment ought to be earning 6%—is plainly ridiculous. The regulatory tribunals (and the courts too) could do with a larger complement of economists and logicians than they have presently at their disposal.

There is plenty to be happy about in the enunciation by an able and respected commissioner of the principles Mr. Webb laid down in his St. Louis speech. Where these principles are being observed (e.g., in allowing railroads freedom to provide piggyback service and multiple-car rates), the railroads are prospering—and their customers are getting improved service and lower prices. In areas where the ICC is still sticking to ancient, outmoded and restrictive precedents, the railroads are also stuck.

After all, nothing is needed from the Commission in the area of pricing so much as non-interference with healthy competition which, as Mr. Webb says, is "the prime regulator of rates and charges." Sound doctrine—all that remains to do is to put it into practice.

Market Outlook

Carloadings down 20.5% from previous week's

Loadings of revenue freight in the week ended Nov. 30, which included the Thanksgiving holiday, totaled 466,764 cars, the Association of American Railroads announced on Dec. 5. This was a decrease of 120,385 cars, or 20.5%, compared with the previous week; a decrease of 95,499 cars, or 17.0%, compared with the corresponding week last year; and a decrease of 106,036 cars, or 18.5%, compared with the equivalent 1961 week. Ton-miles generated by carloadings in the week ended Nov. 30 are estimated at 10.2 billion, a decrease of 13.6% below the corresponding week of 1962 and a decrease of 10.1% below the 1961 week.

REVENUE FREIGHT CARLOADINGS
For the week ended Saturday, Nov. 30

District	1963	1962	1961
Eastern	66,525	81,294	85,995
Allegheny	78,896	91,973	98,830
Pocahontas	38,625	50,479	53,013
Southern	93,047	115,748	111,732
Northwestern	56,509	61,389	60,050
Central Western	100,400	122,535	122,729
Southwestern	32,763	38,845	40,451
Total Western Districts	189,672	222,769	223,230
Total All Roads	466,764	562,263	572,800
Commodities:			
Grain and grain products	45,776	60,184	57,436
Livestock	2,668	3,665	4,219
Coal	85,095	111,110	111,024
Coke	6,930	6,028	7,592
Forest Products	31,351	37,913	37,507
Ore	24,370	16,875	22,446
Merchandise l.c.l.	12,196	19,993	25,440
Miscellaneous	258,378	306,495	307,136
Nov. 20	466,764	562,263	572,800
Nov. 23	587,149	486,017	495,666
Nov. 16	587,822	571,436	591,335
Nov. 9	594,781	586,183	605,353
Nov. 2	622,566	608,587	619,435
Cumulative total, 48 weeks	26,895,000	26,814,836	26,549,439
Estimated Revenue ton-miles (millions) 48 weeks	578,500	552,600	522,700

PIGGYBACK CARLOADINGS.—U. S. piggyback loadings for the week ended Nov. 23 totaled 16,116 cars, compared with 12,392 for the corresponding 1962 week. Loadings for 1963 up to Nov. 23 totaled 726,767 cars, compared with 641,351 for the corresponding period of 1962.

IN CANADA.—Carloadings for the seven-day period ended Nov. 14 totaled 75,700 cars, compared with 79,348 (revised) for the previous seven-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
Nov. 14, 1963	75,700	23,722
Nov. 14, 1962	66,879	22,472
Cumulative Totals		
Nov. 14, 1963	3,169,388	1,015,301
Nov. 14, 1962	3,134,689	1,043,271

New Equipment

FREIGHT-TRAIN CARS

► *Erie-Lackawanna.*—Ordered 575 freight cars at a cost of approximately $9 million. Included are 475 box cars to be built by General American and 100 gondola cars to be built by Greenville Steel Car. All of the new units will be 70-ton capacity and 50 ft or longer and will be equipped with special accessories for particular commodity loadings. The order followed an earlier announcement that E-L will upgrade 2,500 bad-order cars at its Meadville shops at a cost of $3.75 million.

► *Norfolk & Western.*—Authorized construction of 50 100-ton, 5,100-cu-ft-capacity covered hopper cars. The contract has not yet been awarded. The new cars will be used primarily in the transportation of grain and soda ash, augmenting the road's fleet of some 1,100 similar but smaller cars of four different types. In October N&W ordered 50 4,000-cu-ft-capacity covered hoppers, then the largest ever planned for the carrier (RA, Nov. 4, p. 39). The trend toward larger cars was further exemplified last week with completion at N&W's Roanoke shops of the first of 1,500 95-ton coal hopper cars. Cars built there for the last three years have been of 85-ton capacity. N&W also has single prototype coal hoppers of 100-ton and 150-ton capacity now making test runs (RA, Nov. 25, p. 66). Constructed of light-weight, high-strength steel, the new hoppers will weigh less than 63,000 pounds empty, only a few hundred pounds more than the smaller cars.

► *Pacific Fruit Express.*—Will acquire 1,000 roller-bearing mechanical refrigerator cars from Pacific Car & Foundry in 1964. The new cars, similar to 1,000 multi-purpose reefers purchased this year, will bring PFE's fleet of mechanical cars to 4,719 units, approximately half of the total national supply. The cars have an interior length of 50 ft and a payload capacity of over 4,000 cu ft. Delivery will be completed by the end of next summer.

► *Bad Order Ratio 1.3% Lower than Last Year.*—Class I roads on Nov. 1 owned 1,520,833 freight cars, 42,457 less than on Nov. 1, 1962, according to AAR report summarized below. Bad Order Ratio was 1.3% lower than on Nov. 1, 1962.

	Nov. 1, 1963	Nov. 1, 1962	Change
Car ownership	1,520,833	1,563,290	—42,457
Waiting repairs	108,055	131,055	—23,000
Repair ratio	7.1%	8.4%	— 1.3%

PIGGYBACK

► *Chesapeake & Ohio.*—Is leasing 25 40-ft demountable containers and 25 dry freight vans for its piggyback service from REA Leasing Corp. Great Dane built the containers and vans to C&O and REA specifications.

New Facilities

► *North American Car Corporation.*—Has opened a new $4 million plant for assembling and repairing freight cars at Texarkana, Tex. The plant was financed through a municipal bond issue and will be acquired by North American under a 30-year lease arrangement.

Pricing—walking a 'very narrow path'

GN President J. M. Budd told Railway Systems & Management Association members of pitfalls awaiting careless rate-makers.

Railroad pricing is an "extremely complex" business which shows a growing need for "imagination and ingenuity in working our rates which will fulfill the requirements of customers, permitting them and us to thrive."

That's Great Northern President John M. Budd's opinion—and one which was shared by the scores of participants in a Railway Systems & Management Association seminar on transportation marketing held recently in Chicago.

GN's president, keynoter for the session, emphasized three phases of marketing, or merchandising: pricing, quality of the product and product adjustments "to make it salable."

• **How to cut costs.** He concentrated on pricing—and on the need for reducing unit costs. These reductions, he told RSMA, can come about in two ways: "One is the most careful control of operating expenses, keeping them at the lowest possible level consistent with good service. The other is to attain greater volume of traffic, thereby decreasing unit costs. We must find new ways of increasing profitable traffic by breaking away from the traditional framework of rates and service."

Great strides, said President Budd, "have been made in lowering costs in the face of a very substantial rise in wage rates and prices paid for supplies. Had we not done so, we would be in bankruptcy."

He noted railroads have been driving for increased volume on two fronts: "One is to put a container in a container in a container, typified by piggyback. . . . While the relationship between the net weight of the ultimate product and the tare weight has grown steadily worse, nonetheless the flexibility, efficiency and reduction in overall transportation cost has been outstanding.

"One of the principal reasons for this is that our customers also have faced a substantial increase in wage rates during the past few years. Handling small packages piece by piece is extremely expensive. . . .

"The other type of transportation which has grown by leaps and bounds has moved in the opposite direction. Bulk commodities that were formerly packaged in sacks, barrels or some other container are now moving in bulk. . . . In such traffic, particular attention has been given to attaining the best possible relationship between net weight and tare weight and to reducing handling costs of the consignor and consignee."

In these connections, however, GN's chief executive quickly added, "it is essential that experimentation of this kind be scrutinized carefully from a rate standpoint to be sure we are dealing in profitable traffic. Accurate cost data must be available so that we may be sure we are going to make a profit—and how much—by handling a particular bit of traffic in the manner described by the tariff at the quoted price."

• **Setting a reasonable rate.** While sound cost analysis must be the basis for rate-making, President Budd pointed out, "there is considerable latitude between a maximum and minimum reasonable rate for any traffic. Many factors must be given consideration to determine the exact point in this range at which the rate should be fixed.

"Those who make this final decision walk a narrow path. It has been described as having a deep ditch of 'too little and too late' on one side and another deep ditch labeled 'too much and too early' on the other side. The prosperity and the health of our industry is at stake and the accuracy with which rate-makers are able to continue down this narrow path has a substantial influence on our future."

Keeping in mind the principle that rates must be compensatory and, therefore, profitable, "those who are dealing on a day-to-day basis with our tariffs must take into consideration such matters as: what rate will move the business? What rate will increase the volume to the maximum degree and bring us the greatest profit? What rate will adversely affect us with regard to similar movements of similar commodities? What rate will meet our competition? What rate will permit our customers to meet their competition?"

Some say, Mr. Budd noted, that "rate-making should be simplified to the degree that all rates should be quoted on a fully allocated cost basis and that average costs should be used. I disagree with this theory. . . ." Service required for various moves may differ, he said, and the costs of providing such services may differ materially. In addition, "we would price ourselves out of the market for movement of low-rated commodities which now move in considerable volume. The resulting increase of unit costs would require high rates for the remaining traffic, and there would result an erratic and unstable price structure detrimental to both the railroads and the shipping public for long-range planning."

GN's president had a fourth reason for differing with this rate-making theory—the "disturbance of market-competitive rates."

• **Keeping an eye on service.** So far as quality of service is concerned, Mr. Budd called for increasing attention to studies of service regularity. Railroads, he said, are keeping records of individual shipments—but "we are not determining the degree of regularity of service from such records. It is important that we each do so and eventually coordinate our information for a check of interline movements. Only in this way will our operating people be able to uncover trouble spots, take corrective action and improve the regularity of service, thus providing a valuable sales tool for traffic solicitors."

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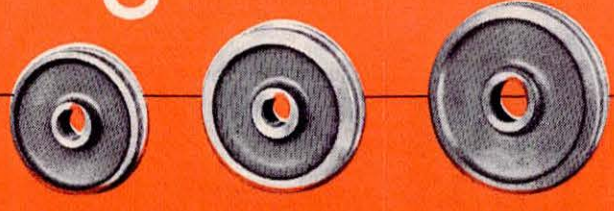

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'Ideal' gypsum cars

An industry-wide survey conducted by the Gypsum Association shows integral bulkhead flat cars and sturdier box cars to be favored as prime needs for economical movement by rail.

The gypsum industry has taken a new look at its transportation-equipment requirements, present and future—and has come up with a series of specifications for "ideal" rail rolling stock.

The survey, made by the Gypsum Association's traffic and materials-handling, loading and stowing committees, covers two types of car—the bulkhead flat and the box car. Although the trend is "to more and more shipments by flat car," the group notes, "the importance of the closed car cannot be overlooked in this type of product movement."

The association makes two major points with regard to the product itself—that the "mechanized handling of gypsum board by building-material dealers has gone beyond just a trend and has become a necessity for profitable operations;" and that market demand for gypsum wallboard in lengths of 12 feet or more has become so strong that action "must be taken to provide for appropriate railroad shipping and receiving facilities and suitably designed rolling stock."

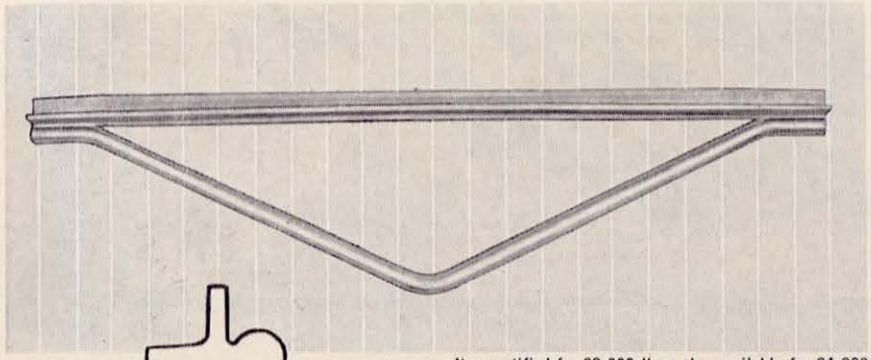
• **Integral bulkheads.** So far as flat cars are concerned, the Association calls for a 48½-foot length between bulkheads, 10-foot minimum width of bulkheads and floor and 102-inch minimum bulkhead height. The group recommends consideration be given "to making the bulkhead an integral part of the car, to provide strength and rigidity."

Bulkhead facing, the group says, should be a minimum 2-inch-thick wood, with all fastenings on the face of the bulkhead countersunk. Floors should be of smooth wood construction, "with adequate strength to support moving lift-trucks loaded to 20,000-pound capacity. Nailable steel flooring is acceptable if the flooring is coated with an approved non-skid material. Some type of drainage should be incorporated in the floor construction."

The Association's box-car specs call for 50½-foot minimum inside length, 9½-foot minimum inside width and 10½-foot height. End walls should be of wood "sufficiently thick to prevent bowing when [the car is] loaded to 140,000-pound capacity. The preferred floor shall be of nailable steel construction with strengths to support fork-lift trucks loaded to 20,000-pound capacity."

• **Wide doors recommended.** Recommendations are particularly strong with regard to door openings: "With fork-lift loading and unloading of gypsum board—much of which is 12 feet long or longer—it is essential that openings be not less than 15 feet. The recommended type of opening is plug-door, located opposite each other and at the center of the car."

Specifications for both types of cars were given to representatives of more than two score railroad companies at a recent meeting of railroad officers and top representatives of the gypsum industry in Chicago.



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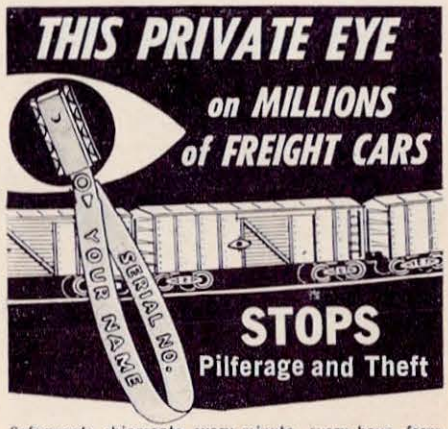

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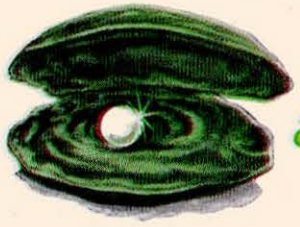
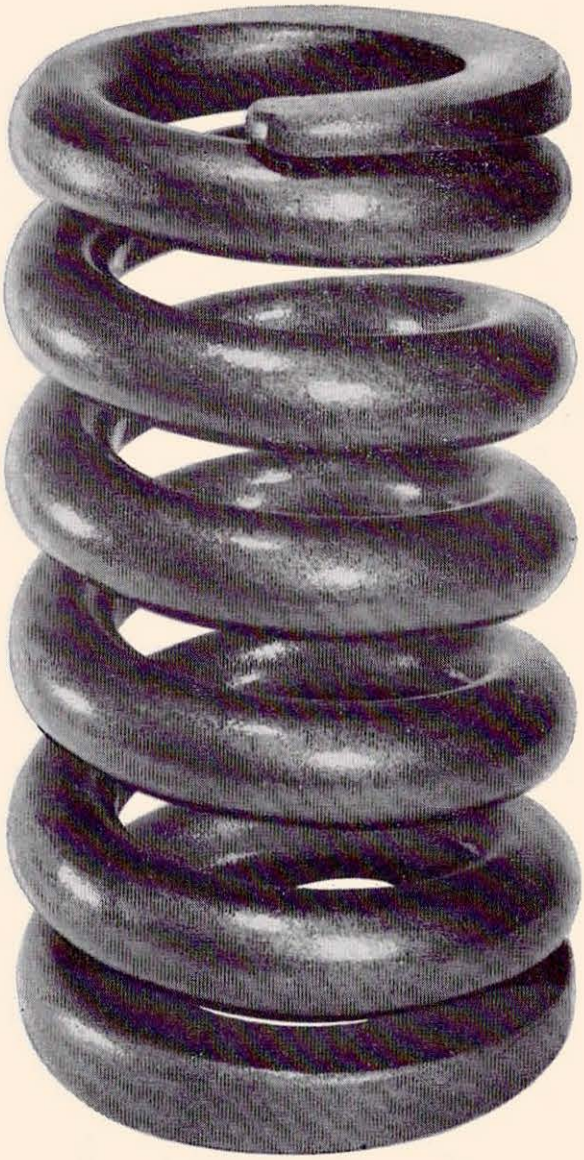
Only the pearls  are shipped—



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YOU OUGHT TO KNOW

President Johnson last week held a get-acquainted meeting at the White House with heads of regulatory agencies, including Laurence K. Walrath of the ICC. The President said he is appreciative of the agencies' problems, being aware of the pressures on them. He added: "When the pressures are honorable, respect them; when they are not, reject them. Accord to the honorable citizen or honest person the full respect and honor that he is due, but let the venal, and the self-seeking and the tawdry and the tainted fear to enter your building and fear to even knock on your door."

Fines totaling $17,550 were paid in October by 21 railroads for 66 violations of the Safety Appliance, Hours of Service, Accident Reports, and Locomotive Inspection acts. Biggest payers, according to the ICC, were the New York Central, $2,750; Atlantic Coast Line, $1,750; Southern Pacific, $1,600; and Erie-Lackawanna and Kansas City Southern, $1,500 each.

ICC Commissioner Kenneth H. Tuggle will be the speaker at a luncheon to be held in the Sheraton-Blackstone Hotel in Chicago Dec. 13. The luncheon will be jointly sponsored by the Traffic Club of Chicago, the Chicago Transportation Club and the Chicago Regional Chapter of the Association of Interstate Commerce Commission Practitioners.

Four main developments promise to "make American rails a growth industry once again," according to John F. Nash, senior vice president of the New York Central. Modernization of work rules, freedom of rate-making, unit or integral train operation, mergers and consolidations were among the steps he mentioned as creating an "industry no longer looked upon only as a stand-by for meeting bad weather and national defense emergencies."

A federal court in Boston has dismissed one count of a two count indictment against some B&M officers involving alleged kickbacks from freight car sales. A section alleging that the officers had a substantial interest in International Railway Equipment Corp. in violation of the Clayton Antitrust Act was ruled out. A date for trial on the other charge has not been set.

"The Locomotive Engineer," official publication of the Brotherhood of Locomotive Engineers, has become a weekly. Formerly issued every two weeks, it has been in continuous existence since 1867, and is presently distributed to 65,000 BLE members throughout the U.S. and Canada.

St. Lawrence Seaway traffic during the 1963 navigational season showed a 17.7% increase, as of Nov. 15, over the corresponding 1962 period. About 25.7 million tons of cargo moved between Montreal and the Great Lakes, of which bulk cargo, particularly grain and iron ore, accounted for 90.8% of the total.

Working like beavers

The Pennsylvania's "Operation Beaver" housecleaning program got underway last week with a number of participants, among them Vice President Morton S. Smith of the railroad's Pittsburgh Region, and friend, symbol of the campaign.

Six billion yuletide greetings and packages is what the Post Office Department expects to handle during the coming holiday season, the bulk of it moving by rail, according to the AAR. All-mail trains will be pressed into service, in addition to thousands of extra express and freight cars, piggyback vans and containers. The railroads receive an average of less than one-half cent for moving each first class letter, but they are currently moving more than double the volume of all non-local mail carried by rail 30 years ago.

Jobs for "up to 400 miners and at least 200 railroad workers" would be generated by each additional million tons of coal production in the Appalachian area, according to National Coal Policy Conference President Joseph E. Moody. In a letter to Under Secretary of Commerce Franklin D. Roosevelt, Jr., who heads the Appalachian Regional Commission, Mr. Moody stressed that "Coal is the only important indigenous industry in most of the Appalachians. The mining and transportation of coal can provide far more jobs than any other industrial activity."

Erie-Lackawanna withheld $2 million from the $4.5 million New Jersey state property tax that was due Dec. 2. The withholding was necessary, said E-L Chairman William White, because of the road's financial condition and the refusal of the ICC to approve a federal guarantee of a $5 million loan. "We regret," he added, the inconvenience to the municipalities that results from the deferral of payment of a portion of the tax bill." Refusal of the loan guarantee, he said, "points up the inconsistencies of federal policy in granting billions of dollars to aid railroads in foreign countries, spending billions to subsidize railroad competitors in this country, and granting millions in direct loans to finance such things as golf courses, motels, ski resorts, summer theaters, bowling alleys . . . The ICC is not responsible for these policies, but its failure to guarantee this loan. . . is not understood."

Freight and Passenger Car Charts

These charts are very helpful to AAR billing clerks, mechanical engineers, purchasing and stores personnel, car inspectors, write-up men, car foremen, and anyone else who needs a knowledge of car parts and their relation to each other.

The charts include a cutaway diagram of the car and a listing of important parts with arrows showing where the part is located. These charts are a part of standard training programs used on a number of major railroads.

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Will the ICC update itself?

Commissioner Webb believes the law elastic enough to permit desirable changes in regulation without amending the statutes.

In a recent St. Louis speech Commissioner Charles Webb drew attention to "carrier ingenuity and Commission flexibility" as demonstrated in the coal-to-Tampa rate case. If this case is actually a forerunner of things to come in rate regulation, then its importance could not be easily overemphasized.

Here is a case in which the Commission permitted the L&N to make rates competitive with unregulated water carriers—at less than "Form A" out-of-pocket costs. The rates would, however, earn the railroad some net revenue. They would, beyond question, *leave the railroad better off financially with the reduced rates than it would be without them* —and that, in our opinion, ought to be the sole justification required for the "floor" to any rate any carrier wants to install.

In his St. Louis talk, Mr. Webb outlined the change that has come about in ICC regulation of multi-carload rates—from absolute prohibition of them prior to 1939, to their present general acceptance. *And this complete about-face on multiple carload rates has come about without any change in the statutes.* Of this change in regulatory policy, without the need for amending the Interstate Commerce Act, Mr. Webb made some highly significant observations, among them the following:

"Transportation is too fluid and too dynamic to be tied to ancient legal landmarks. . . Transportation inevitably will suffer if precedents are regarded as sacrosanct. . . . The interpretation of a statute in the context of monopoly has very little relevance to contemporary transportation problems. . . ."

These opinions of Mr. Webb's are a close parallel to those frequently voiced by this paper. That is to say—there is (we believe) no statutory limitation on the ICC which requires it to be as stubbornly restrictive as it is in permitting railroads to engage in truck transportation—or in making water transportation forbidden territory for the railroads. For that matter, where is there anything in the statutes that forced the ICC to come out with the kind of decision it handed down in the Big John Grain Rate Case? In that decision (written by Commissioner Webb) it will be remembered that the ICC held railroad rates to a higher level than the railroad sought to apply.

In short, Mr. Webb has laid down some principles for regulatory policy which are wholesome and foresighted. He has indicated instances where the Commission is being guided by these enlightened principles—e.g., in the coal-to-Tampa case, and in most of its decisions (so far) on multiple-car and volume rates. We would add the regulators' attitude toward piggybacking, up to now, to the list of encouraging symptoms of ICC modernity.

But ICC acceptance of these principles is still far from complete, as is shown by the Big John grain case, and the continued restrictions on railroads' engaging in other forms of transportation. The statutes do not compel these restrictive policies. They can be ascribed only to some obscure quirk of perversity that has immobilized (temporarily, we hope) the regulators' logic and good-will.

Mr. Webb, also, came mighty close to repudiating "fully distributed costs" as a yardstick for intermodal competitive rates—but he didn't quite say so explicitly. In the Big John case (as we noted on this page, July 29) he persuaded all the commissioners except Mr. Freas to join him in the absurd illogic of excluding subsidy payments in calculating the economic cost of barge transportation.

Let competition decide

Anyhow, the search for the "low cost carrier" is plainly a blind alley so far as rate regulation goes. Once the investment in fixed property has been "sunk"—in highways, railroads, or waterways—the costs that thereafter become primary, economically, in pricing are the operating and maintenance costs that vary with the volume of traffic.

For regulators to come along and refuse a carrier the right to set rates which will cover operating expenses and earn (say) 2% on the fixed investment—just because they believe the investment ought to be earning 6%—is plainly ridiculous. The regulatory tribunals (and the courts too) could do with a larger complement of economists and logicians than they have presently at their disposal.

There is plenty to be happy about in the enunciation by an able and respected commissioner of the principles Mr. Webb laid down in his St. Louis speech. Where these principles are being observed (e.g., in allowing railroads freedom to provide piggyback service and multiple-car rates), the railroads are prospering—and their customers are getting improved service and lower prices. In areas where the ICC is still sticking to ancient, outmoded and restrictive precedents, the railroads are also stuck.

After all, nothing is needed from the Commission in the area of pricing so much as non-interference with healthy competition which, as Mr. Webb says, is "the prime regulator of rates and charges." Sound doctrine—all that remains to do is to put it into practice.

CHARLIE HUGHES
CASTING CHECKER
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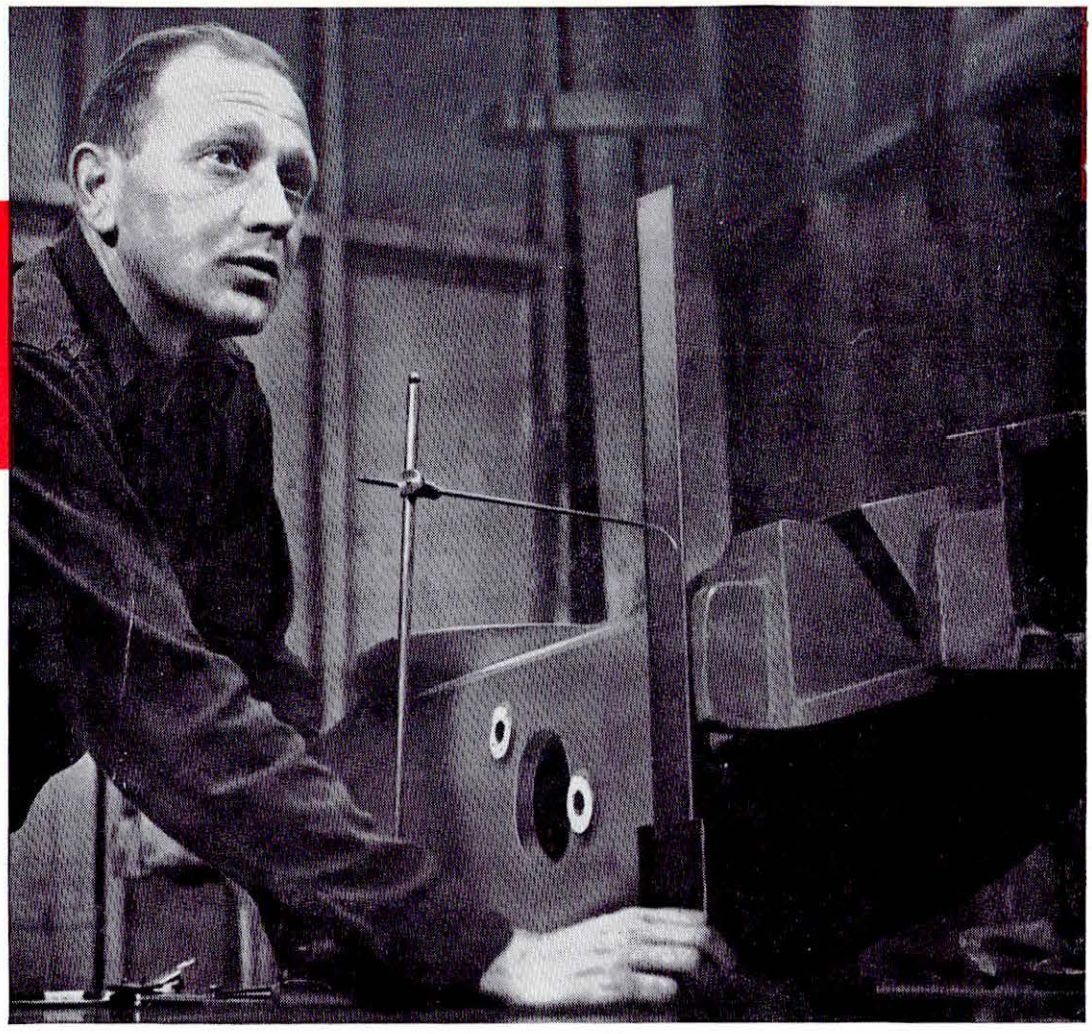

HE MAKES AS MANY AS 200 DIMENSIONAL CHECKS BEFORE GIVING THE GO-AHEAD FOR A PRODUCTION RUN

Symington's Charlie Hughes has the job of checking the sample casting before each production run to see if it meets dimensional requirements. On a big casting, such as a bolster, he may spend up to 8 hours, working with surface gages, calipers, scales and blueprints to verify as many as 200 individual dimensions. Whether or not a production run is started depends on his report.

A big responsibility—but one for which Charlie Hughes has had ideal training. Five years as an apprentice patternmaker (along with night school to learn mechanical drawing and blueprint reading); 12 years as a fully qualified patternmaker.

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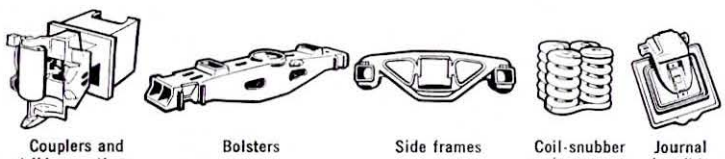

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